

## Guidance Note: Framework for the formulation of Built Environment Performance Plans (BEPP)

<b>Title:</b>	Guidance Note: Framework for the formulation of Built Environment Performance Plan (BEPP)
<b>Purpose:</b>	<p>To provide the framework for the preparation of Built Environment Performance Plans by metropolitan municipalities in terms of the annual Division of Revenue Act (DORA). In so doing to specifically establish:</p> <ol style="list-style-type: none"> <li>The context that gives rise to the BEPP</li> <li>The purpose and role of the BEPP: Where does the BEPP sit in the municipal planning system?</li> <li>The BEPP Method: An Outcomes-led Built Environment Value Chain</li> <li>The monitoring and reporting framework for BEPPs</li> <li>The BEPP Evaluation Framework: The Progression Model</li> <li>The annual BEPP drafting process</li> </ol> <p>Spatial planning and land use management is primarily a municipal function in terms of <a href="#">SPLUMA</a> and the precedent-setting ruling of the Constitutional Court (2010). The BEPP Guidelines do not usurp the municipal function of spatial planning and land use management. They seek to work collaboratively with metropolitan municipalities to share good practice, within the context of efforts by the national government to introduce a more enabling policy and regulatory environment to achieve more compact cities. The planning alignment and reform advocated by the BEPP Guidelines (and its inherent approach, tools and instruments) are part of package of reforms complemented by national regulatory, fiscal, monitoring and reporting reforms.</p>
<b>Target Audience:</b>	The primary target audience is metropolitan municipalities. A secondary target audience is relevant national and provincial departments and state-owned entities with investment programmes in metropolitan areas.
<p>This BEPP Guidance Note must be read together with:-</p> <ol style="list-style-type: none"> <li>The <a href="#">Division of Revenue Act (of 2017)</a> and, when enacted, the Division of Revenue Act (2018), including the grant frameworks, related policy documents or guidelines associated with the Integrated City Development Grant (ICDG), the Urban Settlements Development Grant (USDG), the Public Transport Infrastructure Grant (PTIG), the Neighbourhood Development Partnership Grant (NDPG), the Integrated National Electrification Grant (INEP) and the Human Settlements Development Grant (HSDG)</li> <li>The Annual Budget Circulars issued in terms of the MFMA, 2003</li> <li>Guidance Notes, toolkits and other relevant documents relating to the Neighbourhood Development Partnership Programme, <a href="http://ndp.treasury.gov.za/default.aspx">http://ndp.treasury.gov.za/default.aspx</a></li> <li>The toolbox developed for the metropolitan municipalities by the Cities Support Programme, <a href="#">BEPP Guidelines 2017/18 MTREF Toolbox</a></li> <li>The draft Technical Guidance: Integrated Public Transport Network (IPTN) Plan Development</li> <li>Planning and Assessment Guidelines for Informal Settlement Upgrading <a href="#">BEPP Guidelines 2017/18 MTREF Toolbox</a>, the NUSP Toolkit – <a href="http://www.upgradingsupport.org">www.upgradingsupport.org</a> and the Human Settlements Master Spatial Plan from the Department of Human Settlements.</li> </ol>	

7. The Supplementary BEPP Guideline setting out MTREF specific BEPP content requirements in support of the progression model outlined in this document, based on annual evaluations and/or any changes to the intergovernmental planning system

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## List of Acronyms

AFS	Annual Financial Statements	ITP	Integrated Transport Plan
AG	Auditor General	IUDF	Integrated Urban Development Framework
BEPM	Built Environment Progression Model	LTFS	Long Term Financial Sustainability
BEPP	Built Environment Performance Plan	MSDF	Metropolitan Spatial Development Framework
BEVC	Built Environment Value Chain	MTREF	Medium Term Revenue and Expenditure Framework
CBF	City Budget Forum	NDOT	National Department of Transport
CIDMS	City Infrastructure Delivery Management System	NDPG	Neighbourhood Development Partnership Grant
CIF	Capital Investment Framework	NDPP	Neighbourhood Development Partnership Programme
CSIP	Capacity Support Implementation Plan	PTNG	Public Transport Infrastructure Grant
CSP	Cities Support Programme	SDBIP	Service Delivery and Budget Implementation Plans
DORA	Division of Revenue Act	SOE	State-owned Enterprise
HSDG	Human Settlements Development Grant	SPLUMA	Spatial Planning and Land Use Management Act 2013
ICDG	Integrated City Development Grant	TOD	Transit-Oriented Development
IDP	Integrated Development Plan	UNS	Urban Network Strategy
INEP	Integrated National Electrification Grant	USDG	Urban Settlements Development Grant
IPTN	Integrated Public Transit Network		

## Terminology

### **Catalytic Urban Development Programmes**

Catalytic urban development programmes are urban development programmes and associated projects that:-

- a) Enable integration, that is, mixed and intensified land uses where the residential land use caters for people across various income bands and at increased densities that better support the viability of public transport systems;
- b) Are strategically located within integration zones in metropolitan municipalities; and are game changers in that the nature and scope of the projects are likely to have significant impact on spatial form and unlock economic activity.
- c) Involve major infrastructure investment;
- d) Require a blend of finance where a mix of public funds is able to leverage private sector investment as well as unlock household investment;
- e) Require specific skills across a number of professions and have multiple stakeholders.

Catalytic development programmes are an ensemble of all related projects (public: municipal, public: non-municipal and private [Public Private Partnerships, Special Purpose Vehicles, and pure private development] projects) needed to be implemented within a specific spatial targeted area and from which the total intergovernmental project pipeline is updated for all public sector projects in the programme.

The catalytic programme development process delivers a series of built environment projects to be implemented by either national, provincial, municipal or private sector which will progressively put cities on the path to achieving compact cities and transformed urban spaces and are therefore outcomes led. The public sector projects must demonstrate how they leverage private and household investment.

### **Densification**

Increased use of space, both horizontally and vertically, within existing areas/properties and new developments, accompanied by an increased number of units and/or population threshold.

### **Economic/Employment Node**

Employment or economic nodes are localised urban agglomeration economies with the highest number of jobs per unit of area (job densities). They are the primary urban destinations and therefore are mostly located on major transit routes and accessible via a variety of transport modes. In terms of land use, employment nodes can either be mixed – a cluster of office, retail, industrial, community and residential land uses; or uniform - homogenous land uses such as industrial or office complexes. Building heights and land coverage in economic nodes are much higher compared to average urban places. In terms of life cycle stage, they can be segmented into emerging (township nodes or urban hubs), established (decentralised commercial nodes) and declining nodes (CBDs). Size and catchment area of economic nodes are characterised into a descending hierarchy, e.g. Regional, CBD, Metropolitan, Suburban and Neighbourhood.

### **Human Settlements Development**

The Department of Human Settlements defines a human settlement as a developed and/or developing human community in a city, town or village – with all the social, material, economic, organisational, spiritual and cultural elements that sustains human life. Human settlement development refers to the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities within a space and/or areas providing for economic opportunities, health, educational and social amenities in which all citizens and permanent residents of the Republic, within a municipal space will, on a progressive basis, have access to permanent residential structures with secure tenure, internal and external privacy and providing adequate protection against the elements; and potable water, adequate sanitation facilities and domestic energy supply.

<b>Informal Settlement</b>	<p>The National Upgrading of Informal Settlements Programme refers to two UN-Habitat definitions of Informal Settlements.</p> <p>An 'Informal Settlement' exists where housing has been created in an urban or peri-urban location without official approval. Informal settlements may contain a few dwellings or thousands of them, and are generally characterised by inadequate infrastructure, poor access to basic services, unsuitable environments, uncontrolled and unhealthy population densities, inadequate dwellings, poor access to health and education facilities and lack of effective administration by the municipality. (NUSP 2013, taken from UISP Consolidation Document-2014).</p> <p>Another definition in use which is similar to the above is: "Residential areas where 1) inhabitants have no security of tenure vis-à-vis the land or dwellings they inhabit, with modalities ranging from squatting to informal rental housing, 2) the neighbourhoods usually lack, or are cut off from, basic services and city infrastructure and 3) the housing may not comply with current planning and building regulations, and is often situated in geographically and environmentally hazardous areas". The UN-Habitat (2015).</p>
<b>Integrated planning</b>	<p>Integrated planning refers to planning that enjoys the co-operation and contribution of different sector department, different spheres of government, state-owned entities and the private sector in order to programme and implement development that is geared towards achieving a shared set of development outcomes.</p> <p>In space, integrated planning is planning of the built environment that supports the performance of the built environment as a whole in an equitable manner balancing land uses and infrastructure requirements, optimising public access and creating liveable urban precincts.</p>
<b>Integration Zone (IZ)</b>	<p>The Urban Network consists of a number of Integration Zones. Each zone is a part of a city or city region-wide TOD network. An integration zone is a spatial planning element facilitating spatial targeting of investment aimed at spatial transformation. Each zone consists of a transit spine connecting two anchors via mass public transport (rail/bus), e.g. the CBD and an "urban hub" (township node with the best investment potential). It can also comprise of the CBD and another primary metropolitan business node. Between the two Integration Zone anchors are a limited number of Integration Zone intermediate nodes that are strategically located at key intersections connecting to marginalised residential areas (townships and informal settlements) and economic nodes (commercial and industrial nodes) via feeder routes. The Urban Hub connects to secondary townships nodes within the marginalised peripheral township. The Integration Zone includes a hierarchy of TOD precincts located and prioritised within the structure of nodes described above.</p>
<b>Intensification/ Mixed Land Use</b>	<p>Achieving a greater spectrum of compatible land uses (commercial, industrial, residential or social) through the increased use of space, both horizontally and vertically, within existing areas or properties and new developments within a TOD precinct, resulting in increased population thresholds that support public transport ridership, walkability, economic development and inclusivity.</p>
<b>Intergovernmental Project Pipeline</b>	<p>The intergovernmental project pipeline consists of a pipeline of projects of a strategic/priority nature within the metropolitan space whether it is a project of the national, provincial or metropolitan government, or that of a state-owned entity. The main purpose of the pipeline is for it to incorporate funding and projects from all spheres and entities to prioritise collective public investment in particular spaces. For further information please consult section 3.3.1 in this Guideline. The format/template for recording this pipeline is presented in Annexure 2. Please cross-reference this with Catalytic Programmes above.</p>
<b>Land Based Financing</b>	<p>A policy and regulatory mechanism that allows a public entity to share in a portion of the increased value (direct or indirect) of land resulting from either investment in infrastructure or the allocation of use rights by the public sector.</p>
<b>Marginalised residential areas</b>	<p>Marginalised areas are areas, primarily residential in purpose with related land uses, which are in decline and/or where people are deprived. They are typically informal settlements and dormitory residential townships in need of redress.</p>

## **Spatial planning and land use management**

These are areas that do not tend to be the focus of the private sector developers and will thus require some kind of intervention or support from government to start with if it they are to flourish as liveable neighbourhoods with high accessibility to the broader urban network.

The following definitions are the same definitions used in SPLUMA Act 16 of 2013.

“Land” means any erf, agricultural holding or farm portion, and includes any improvement or building on the land and any real right in land;

“Land development” means the erection of buildings or structures on land, or the change of use of land, including township establishment, the subdivision or consolidation of land or any deviation from the land use or uses permitted in terms of an applicable land use scheme.

“Land use” means the purpose for which land is or may be used lawfully in terms of a land use scheme, existing scheme or in terms of any other authorisation, permit or consent issued by a competent authority, and includes any conditions related to such land use purposes.

“Land use management system” means the system of regulating and managing land use and conferring land use rights through the use of schemes and land development procedures;

“Spatial development framework” means a spatial development framework referred to in Chapter 4 of SPLUMA;

“Zone” means a defined category of land use which is shown on the zoning map of a land use scheme. (not the same as Integration Zone as in UNS)

The spatial planning system consists of the following components:

- (a) Spatial development frameworks to be prepared and adopted by national, provincial and municipal spheres of government;
- (b) Development principles, norms and standards that must guide spatial planning, land use management and land development;
- (c) The management and facilitation of land use contemplated in Chapter 5 of SPLUMA through the mechanism of land use schemes; and
- (d) Procedures and processes for the preparation, submission and consideration of land development applications and related processes as provided for in Chapter 6 of SPLUMA and provincial legislation.

A municipal spatial development framework must assist in integrating, coordinating, aligning and expressing development policies and plans emanating from the various sectors of the spheres of government as they apply within the municipal area. Spatial development frameworks must outline specific arrangements for prioritising, mobilising, sequencing and implementing public and private infrastructural and land development investment in the priority spatial structuring areas identified in spatial development frameworks.

## **Spatial Targeting**

A built environment investment prioritisation approach where specific areas are prioritised for investment at a range of geographic scales, within an urban system, to achieve particular development outcomes. Spatial targeting is an approach recommended by the [National Development Plan](#).

## **Spatial Transformation**

The legacy of apartheid – communities segregated from one another based on race (and class) – as well as the impacts of the legacy of the modernist trend of city building based on the automobile and functional separation of land use - have left South Africa with cities that are inefficient, inequitably developed and expensive – environmentally, socially and fiscally - to live in and to manage. The NDP states that a national focus on the spatial transformation of our cities should, by 2030 ensure that a larger proportion of the population should live closer to places of work and travel distances and costs should be reduced, especially for poor households. Urban systems – hard (physical structures and networks) and soft (such governance systems including urban management and land use management) that facilitate and enable compact cities and transformed urban spaces of social and economic inclusion on an equitable basis are key levers to overcome the debilitating impact of distance and separation on the fortunes of the individual, household, business and the state, as well as the environment and the resilience of the system as a whole. The

**Transit-oriented  
development (TOD)**

equitable redistribution of resources within cities, as well as building systems that facilitate affordable and safe access to the full ambit of resources that makes urban living productive are critical to spatial transformation.

TOD is a planning concept that directs public and private investment to areas of maximum public transport access in a city, doing it in a way that creates liveable environments. TOD is designed to maximize access to rapid/frequent public transport, encourage public transport ridership and walkable precincts. The symbiotic relationship between land use, built form and public transport lies at its core. From a transport perspective TOD is focussed on promoting sustainable public transport while minimising the travel mode share of private motor vehicles and the negative externalities of this mode including reduced rates of private car parking and carbon emissions. From a spatial development perspective the focus is on creating an inclusive network of well-designed precincts of mixed land use and increased residential densities in an improved public environment (high quality public spaces and streets, which are pedestrian and cyclist friendly) with high pedestrian accessibility within 500 – 800m metres of transit stations.



# 1. INTRODUCTION

South Africa faces a severe economic growth and inclusion challenge. In part, the country has not been able to fully harness the urban dividend as cities struggle to overcome the structural inefficiencies that are the result of their spatial apartheid legacies. At present, South Africa's metropolitan cities are not productive enough, remain segregated and exclusionary, are unsustainable and governance has contributed through weak coordination in policy and resource allocations. Yet the momentum of urbanisation provides the opportunity to address these challenges.

Large urban municipalities have a critical role to play in supporting the resumption of more inclusive economic growth in South Africa. There is consensus that a fundamental spatial transformation is required to enable South African cities to contribute effectively to national economic and social development objectives. The National Development Plan, the Spatial Planning & Land Use Management Act and more recently the [Integrated Urban Development Framework](#) (IUDF) all place the imperative for spatial transformation of our cities at the forefront of the urban planning agenda. The persistent legacy of spatial apartheid in our cities requires a response that includes bold, new approaches to planning, programme preparation and financing, as well as implementation to achieve spatial transformation. The imperative for far deeper and more productive partnerships with investors, developers and households has become even more important now under current economic and fiscal realities. This is particularly so because urban spaces are a co-product of the interventions of government, firms and households.

Metropolitan municipalities, in particular, have the responsibility to guide spatial development through urban planning instruments, infrastructure investments and service delivery programmes that shape the built environment of South African cities.

The Built Environment Performance Plan (BEPP) was first introduced in the 2011/12 financial year as an eligibility requirement in respect of the Urban Settlements Development Grant (USDG).

Metropolitan built environments rely on a number of inputs such as sector policies and related conditional grants, private sector investments, integrated planning, etc. Sector-driven, national and provincial grants play a more prominent role relative to other sources of funding for infrastructure development. The performance of the built environment is a local outcome that is significantly impacted by these, notwithstanding the policies, funding and spatial perspectives of the different spheres and associated state-owned entities. How metropolitan municipalities ('metros') lead the development of the built environment and how these grants are invested will impact on the extent to which these investments leverage further investment by the private and household sectors and ultimately determine the extent of spatial restructuring and urban transformation.

The BEPP provides the opportunity to plan for the alignment of the various built environment grants within the municipal space and to enhance the planning process to facilitate improved inter-governmental coordination in the planning and implementation of urban investments in metropolitan areas. In 2014, the BEPP was adapted as an inter-sectoral plan, and process to arrive at this plan, and re-introduced as a tool for change, to address the weaknesses of the existing planning and budgeting frameworks in producing tangible developmental outcomes.

In 2014, all metropolitan municipalities outlined ambitious plans for restructuring their built environments, based on the concepts of integrated, transit oriented development as articulated in the Urban Networks Strategy. Government has repeatedly emphasized the need to move beyond planning intentions to urgently prepare and implement practical programmes that can address structural and spatial constraints to urban economic growth. While these programmes need careful planning, their intentions will not be realised without the preparation of a tangible portfolio of public investment projects, and accompanying regulatory reforms that can provide the foundation for practical partnerships with the private sector.

The BEPPs of all Metros have identified key elements of their urban networks, focussing on specific integration zones that are the focus of future investment programmes across sectors, and within which specific, catalytic intervention programmes are identified. This planning process is intended to be "outcome-led", responding to agreed indicators of improved built environment performance. Catalytic programmes of interventions are identified to support the achievement of targets associated with each

of these indicators, so that measurable progress could be achieved in building more productive, liveable, inclusive and sustainable cities.

The requirement for all metropolitan municipalities to develop a BEPP is a cornerstone of the support provided by national government to drive an outcomes-led, spatially targeted and implementation focussed planning approach in South Africa's metropolitan cities. The BEPP is a bottom up, collaborative plan within the IUDF and with the support of national government creating an enabling environment and platform for its development.

To date, the BEPP has supported municipalities to clarify their spatial and development planning visions, and assisted them to initiate practical programming and preparation of investment programmes and regulatory reforms to progressively and measurably realise this vision. It has been accompanied by the development of a range of toolkits and technical assistance initiatives, alongside fiscal, regulatory and monitoring and reporting reforms intended to ease constraints to programme and project preparation and implementation. As the BEPP system evolves, greater emphasis is thus placed on institutional and financial arrangements necessary for accelerated programme implementation.

## 2. THE PURPOSE AND ROLE OF THE BEPP

### 2.1 The purpose of the BEPP

The BEPP is an outcomes-led plan prepared by each of the metropolitan municipalities (hereafter referred to as the Metros) in South Africa. A defined set of built environment outcomes of more productive, sustainable, inclusive and well governed cities, lead the formulation of this plan and programme to ensure that our metropolitan cities' urban form contributes to reducing poverty and inequality and enables faster more inclusive urban economic growth.

The process of preparing the BEPP requires conversation across sectors and government that results in the identification of programmes to implement the plan and the commitment of resources to implement these programmes. A reporting framework is established in the BEPP in order to track that these outputs result in the desired integrated outcomes

#### **The BEPP is a spatial transformation plan**

The built environment gives a spatial dimension to investment that either enables or constrains people's daily lives and the movement of goods and services – in other words, it directly shapes the extent to which investment catalyses efficiencies and spin offs that feed further socio-economic improvements in our cities. The BEPP takes a medium term, programmatic view within the vision for the long term set out by the Municipal Spatial Development Framework. Transformation of the built environment is a slow, incremental process. At the same time, the BEPP has to lay out the short term investment plans within a coherent investment logic that progressively builds towards this long term view. So that incremental investments do indeed lead to the desired long term outcomes. Ultimately the improvement of the BEPP over a 3-5 year period should indicate how the Metro programmatically deals, over the medium term, with the integration of transport, economic development, social amenities and housing for more productive and inclusive cities. Annual reviews and updates to the BEPP are aimed at monitoring and ensuring this progression.

The BEPP is therefore an outcomes based strategic, spatial investment plan and programme. It provides a strategic public management framework across sectors and spheres for the alignment of public resources into strategic urban locations across the planning, funding, delivery and operations cycle.

The 2014/15 BEPP is the baseline BEPP (built environment spatial integration plan and corresponding capital budget) against which longer term performance is to be measured, that is over a 15 year period ending 2030 with milestones in 2020; 2025 and ending 2030. The 2014/15 BEPP, as the baseline, started modestly but strategically, with a view to evolving over a 3-5 period, beginning with addressing the alignment of infrastructure grants through spatial targeting; and a focus on economic development, informal settlements, and land development as the focus over the MTREF to 2016/17. The BEPP will progressively and incrementally deal with all other structural impediments to spatial transformation. The prioritization of infrastructure grants that are spatially targeted is the financial input that will, with other inputs, begin to shape the transformation of the built environment into a more compact city that is liveable, integrated, inclusive, productive, and sustainable.

#### **The BEPP is a spatially targeted plan**

The BEPP builds on the Urban Network Strategy (UNS) which seeks to achieve coordinated public intervention in defined spatial locations within the city, in order to maximise the leverage of public resources on the spatial form of cities. The UNS provides a hierarchy of space where investment in the prioritised spaces – urban nodes (lagging and leading) and the activity and public transport corridors that connect them – is "crowded in" to contribute to spatial transformation.

#### **The BEPP is a plan and a programme**

The BEPP indicates how a metro will apply its capital financing, including grant resources and all other sources of finance, fiscal and regulatory instruments and incentives and what it intends to achieve with these resources and instruments in respect of the local, provincial and national priorities of improving the performance of our built environments and transforming the spatial urban form. The BEPP will need to address how functional integration improves overall sustainable development; what development trade-offs are made and why; the planning methodology and practice and institutional issues that are required to sustain this.

### **The BEPP is an inter-governmental, performance process and plan**

The performance of the built environment is assessed in terms of predetermined built environment integrated outcome indicators established and reported on through the BEPP.

To be successful the BEPP requires an ongoing inter-governmental conversation. A shared understanding of the performance of the built environment enables the relevant national and provincial government departments to monitor grant expenditures from a spatial development perspective rather than just from a sectoral perspective. The BEPP is intended to be the reference point for national and provincial spheres and other key stakeholders to make informed decisions and investments in the built environment – led by municipal planning. The national and provincial departments and state owned entities will be able to see the impact of their investment as it relates to other sectors in terms of the cumulative local outcome and impact. This will enable the contradictions and tensions between different infrastructure grants to be evident and engaged with in local implementation planning and development. The BEPP is thus an important instrument of cooperative governance, as it enables more effective, strategic coordination and planning between spheres, entities and departments of government. Importantly, this is not an end in itself but a precondition for spatially guiding and attracting a positive response from private sector investors and unlocking contributions from households.

Given the extent of the direct involvement of different public sector role players in the urban built environment in South Africa, notwithstanding the increasing clarity afforded by legislation and jurisprudence that municipalities must lead the planning of their built environments, spatial transformation will not be possible without a concerted effort between these role players to coordinate their efforts led by a shared set of outcomes, a clear plan and plan-led budget. The BEPP is the articulation of that plan and the programme to implement it. In time, the BEPP should become an instrument to evaluate the alignment of budgets to this integrated plan and programme across all public sector role players and performance a determinant in the award of funding transfers to these organisation.

### **The BEPP is a tool to enable plan led budgeting and to pursue long term financial sustainability of the Metros investment programme**

The national public funding envelope is shrinking. The needs of cities are growing. Metros must leverage alternative forms of funding to meet their investment needs. The BEPP is a progressive plan to achieve this. Long term financing strategies to support the programmes in the BEPP are integral to the line of sight through the built environment value chain. Metros cannot assume that the quantum and routine availability of grants is sustainable or guaranteed.

Having said that, grants must be used in a coordinated and efficient manner to ensure that collectively they achieve greater and better results. The BEPP is therefore a requirement of the Division of Revenue Act (DORA) in respect of infrastructure grants related to the built environment of metropolitan municipalities. Conversely, the grants are an incentive for spatial transformation with the BEPP being a process, plan and programme to achieve this and in so doing, in the future, unlock the grants for a metro on a performance basis.

At present, the BEPP is an eligibility requirement for the Integrated City Development Grant (ICDG). The ICDG is an incentive grant that rewards the application of infrastructure grants, as part of the total capital budget, toward catalysing spatial transformation through a spatial targeting approach at a sub-metropolitan level.

The BEPP is also an instrument for compliance and submission purposes for the following infrastructure grants:

- **ICDG** - Integrated City Development Grant, Schedule 5B (specific purpose allocations to municipalities);
- **USDG** – Urban Settlements Development Grant, Schedule 4B (supplements municipal budgets);
- **HSDG** – Human Settlements Development Grant, Schedule 5A (specific purpose allocations to provinces);
- **PTNG** – Public Transport Network Grant, Schedule 5B (specific purpose allocations to municipalities);

- **NDPG** – Neighbourhood Development Partnership Grant
  - Schedule 5B (specific purpose allocations to municipalities) *Capital Grant*;
  - Schedule 6B (allocation-in-kind to municipalities for designated special programmes) *TA*;
- **INEP** – Integrated National Electrification Grant, Schedule 5B (specific purpose allocations to municipalities)

### A progressive approach to developing quality BEPP

The BEPP Guidelines for the 2014/15 MTREF focused on introducing and establishing the BEPP as an instrument of the ICDG and other built environment grants with emphasis on spatial planning methodology for spatial transformation, specifically the identification of the Urban Networks and Integration Zones using the Urban Network Strategy. Subsequently, the 2015/16 BEPP guidelines encouraged the refinement and consolidation of the planning of urban networks and Integration Zones done the year before, and went a step further by requiring the identification, packaging and implementation of a pipeline of catalytic urban development projects within the Integration Zones. There was closer alignment between the BEPP and Budgeting processes in this second cycle. The Supplementary Note to the Guidelines for the BEPPs issued in March 2015 was an effort to get further clarity on catalytic projects details. The BEPP Guidelines for the 2016/17 MTREF provided clarity on prioritising Integration Zones, project preparation, and intergovernmental planning, and urban management. The 2017/18 MTREF BEPP Guidelines sought to strengthen the overall application of the Built Environment Value Chain. In addition there was a specific focus on the upgrading and development of informal settlements and other marginalised areas. All the BEPP Guidelines developed to date are available in the CSP Toolkit for BEPPs. The progressive strategic emphasis of the BEPP's since 2014/15 is summarised in the table below:

BEPP	2014/15 <i>Planning for spatial transformation</i>	2015/16 <i>Accelerating the implementation of catalytic interventions - preparation &amp; implementation of a pipeline of catalytic urban development projects that promote alignment between Transport &amp; Human Settlements, economic development &amp; environmental sustainability</i>	2016/17 <i>To progress further along the Built Environment Value Chain &amp; the Progression Model</i>	2017/18 <i>To strengthen the overall application of the BEVC</i>
<b>Stated Focus:</b>	Co-ordinating and aligning national initiatives:		<i>(Completion, Refinement &amp; Consolidation of previous focus areas)</i>	
1	Economic Development: SIP 2 & 7			
2	Upgrading of informal settlements	Upgrading & development of informal settlements		
3	The identification and planning of Urban Networks and Integration Zones consisting of the CBD, Urban Hub/s, Activity Corridors, Secondary Nodes and Linkages	Refine & consolidate the planning of the urban network & Integration Zones	Spatial Planning & Project Prioritisation: Spatial targeting/ Precinct Planning/ Local Area Planning - Developing a strategy for prioritised Integration Zones, Marginalised Areas & Growth Nodes	Consolidating spatial planning, project preparation and prioritisation via transit-oriented development plans and programmes in prioritised integration zones
4	Land development	Identification, packaging & implementation of catalytic urban development projects within the Integration Zones	Project preparation for selected key catalytic urban development projects/ Inter-governmental project pipeline/ Capital funding/ Implementation of the metropolitan pipeline of urban development projects	Establishing an actionable intergovernmental project pipeline of catalytic projects via a portfolio management and project preparation tools
5		Upgrading & development of other marginalised areas	Developing a strategy for Marginalised Areas	
6			Inter-governmental Planning & Sector Alignment	
7			Implementation	Clarifying long term financing policies & strategies for sustainable capital financing of the intergovernmental project pipeline
8			Urban Management to protect & sustain public, private and household investment	
9				Clarifying development objectives, strategies and targets relative to agreed productivity, inclusion and sustainability outcomes

The work on defining the built environment outcomes and impacts, and the resultant indicators to measure spatial transformation started in 2013. In addition, Metros spent time between 2013 and 2014 working out what support they required from the Cities Support Programme to assist them to achieve their spatial targeting goals and objectives, and this is reflected in their Capacity Support Implementation Plans (CSIP).

## 2.2 Where does the BEPP sit in the Municipal Planning System?

The Municipal Systems Act sets out the requirements for the Metro's Integrated Development Plan (IDP). The IDP covers functional and institutional planning and includes the Municipal Spatial Development Framework (MSDF) which sets out the long term spatial vision. MSDF's are also regulated by SPLUMA where the MSDF is expected to present a long term and shorter term programmatic spatial picture for the Metro. The Budget and SDBIP that set out the short term decisions with regard to the allocation of resources, are requirements of the MFMA. The linkages between the planning and budgeting frameworks are generally weak. The results of planning and budgeting have seldom yielded the outcomes and/or impacts that we seek as a nation or at the city level. Furthermore, planning, budgeting, monitoring and reporting frameworks generally focus on inputs, activities and outputs rather than outcomes and impacts. Therefore, if outcomes and impacts are to be pursued, the approach needs to be designed to achieve this.

The BEPP is a response to the challenge of misalignment of planning and the weak linkage between monitoring, planning and budgeting frameworks. It sits within the municipal planning system and bridges the gap between planning intention and implementation programmes and corresponding resource allocation, within a clear outcome led approach consistent with higher order plans and their governing legislation in the system. With the widespread recognition that post-Apartheid planning has consistently sought to restructure South African cities, yet has failed to successfully implement these intentions, this is a gap that is also implicitly identified in the Spatial Planning and Land Use Management Act with a number of content requirements for a MSDF including the introduction of the requirement for a Capital Expenditure Framework.

While the BEPP has to date been developed independently of the Metro's MSDF, it has been conceived of by many Metros as a planning and programming tool that takes its cue from the MSDF. The BEPP presents an opportunity to implement the long term vision set out in the MSDF in a targeted, prioritised and programmatic way over the medium term.

There are many areas where the expectations of a MSDF and the BEPP are mutually reinforcing:

- The consistently applied intention of the BEPP to be used as a tool to enable spatial transformation is mirrored in SPLUMA's requirement that a MSDF is driven by spatially transformative principles.
- The intention that a MSDF identifies structuring and restructuring elements of the spatial form of the municipality, is consistent with the Urban Network Strategy approach.
- The practice of the BEPP to provide direction to strategic developments and infrastructure investment, and to promote investment by all sectors in priority land development areas, supports this expectation of a MSDF as set out in SPLUMA.
- Similarly, the manner in which the BEPP outlines specific arrangements for prioritising, mobilising, sequencing and implementing public and private investment in the priority spatial restructuring areas, fulfils this requirement of a MSDF in SPLUMA.
- The MSDF and BEPP are expected to focus on integrated planning, guiding the development decisions of sectors (intra-and inter-governmentally) and negotiating the trade-offs, in space.

Going forward the BEPP may be considered to fulfil the role of determining a Capital Expenditure Framework for the metropolitan municipalities' development programmes (SPLUMA, 2013 s 21(n)). In so doing, the BEPP can serve to meet the expectation of a Capital Expenditure Framework, as described in SPLUMA's associated SDF Guidelines, in that it:

- Articulates how the spatial proposals are to be achieved sequentially, with attention to what key interventions need to take place, where they need to occur and by whom. (SDF Guidelines)
- Spatially depict the development budgeting priorities and programmes for the municipality through containing the following elements: (SDF Guidelines)
  - The identification of key **spatial priorities** that will assist in fast tracking and achieving the MSDF proposals that are linked to areas where shortened land use development procedures may be applicable and endorsed by the municipal engineering department based on infrastructure capacity.
  - The designation of areas where more detailed local plans must be developed through the identification of required **precinct plans**.
  - Stipulation of **implementation requirements** with regards to roles, responsibilities and timeframes.

- Stipulation of the required **institutional arrangements** together with possible private, public and intergovernmental collaborations / partnerships

The BEPP can clearly play a broader strategic role in the municipal planning environment while at the same time providing focus and clarity on the programme for implementation of the shared spatial outcomes between it and the MSDF, to further detail than would perhaps normally be expected of a MSDF.

IDP's provide the broader political and institutional responsibilities and priorities for the short term (5 years). The MSDF and the BEPP must be developed as spatially articulated plans for a longer time span. The relationship between the IDP, the MSDF and the BEPP is reiterative. The IDP needs to be offer the vision directives at the same time as it should sustain progress towards implementing the long term spatial outcomes set out in the MSDF, through the programmes prioritised in the BEPP.

There are a number of tools that should directly link and support the implementation of the IDP, the MSDF and the BEPP, namely a metropolitan municipality's:

- Medium term revenue and expenditure framework (MTREF);
- Performance management plans, specifically Service Delivery and Budget Implementation Plans (SDBIPs);
- Supply chain management regulations and procurement plans; and
- Reporting requirements (MFMA and grants).

Consistency between the above tools and the BEPP and the MSDF determine the credibility of these planning instruments.

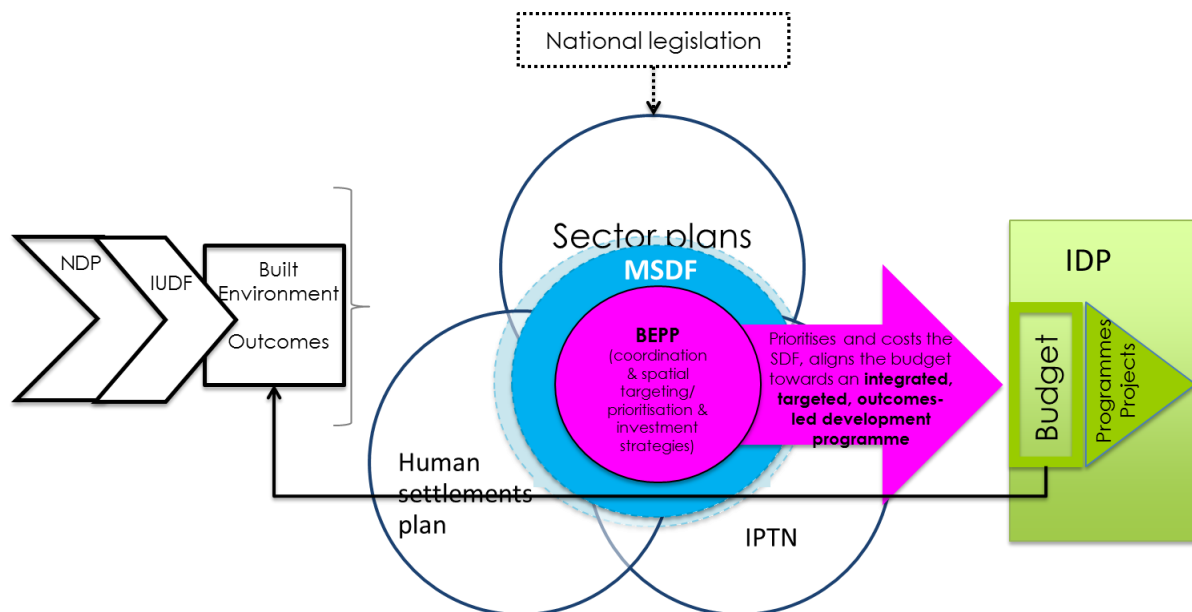


Figure 1: BEPP in the Municipal Planning System (adapted from the City of Cape Town)

## 2.3 Planning and regulatory reforms

The introduction of the BEPP in 2014/15 and the experience thus far indicates that a level of reform is required in respect of the planning approach (process and plans) as well as implementation arrangements that deliver and manage infrastructure investment in the built environment in urban areas. Key to this reform is aligning planning, budgeting and reporting within a shared results-based framework or set of desired outcomes. There is a clear indication that planning reforms require concomitant changes in some sector policies and regulations, not only in development and spatial planning, but also in fiscal and financial frameworks as well as Monitoring and Reporting frameworks. Initiatives to address these issues are underway, the City Budget Forum (CBF) has been set up as a coordination platform to facilitate progress in this regard. The CBF has established a Planning Alignment Task Team to address medium to longer term planning reform requirements.

National Treasury is incorporating a spatial targeting perspective into the national budget process to improve coordination and alignment of public sector capital expenditure planning in large urban areas and to catalyse private investment in targeted areas. In the short term, this will focus on improving disclosure of investment plans across spheres of government and state owned enterprises.



### 3. THE BEPP METHOD: AN OUTCOMES LED BUILT ENVIRONMENT VALUE CHAIN

To date, BEPP guidelines have consistently required effort from Metros to adopt a results-based approach, working in terms of a specific intervention logic that follows a spatially targeted planning approach - requiring a behavioural change at the institutional level to achieve the desired outcomes.

The desired outcome of spatially transformed cities that are well-governed, inclusive, productive and sustainable is unpacked in the theory of change schematic below. The BEPP challenge is to establish a clear line of sight between setting outcomes, knowing how to measure/report these upfront; planning and budgeting for interventions and investments that build towards these transformations, implementing them and managing the product to sustain the result.

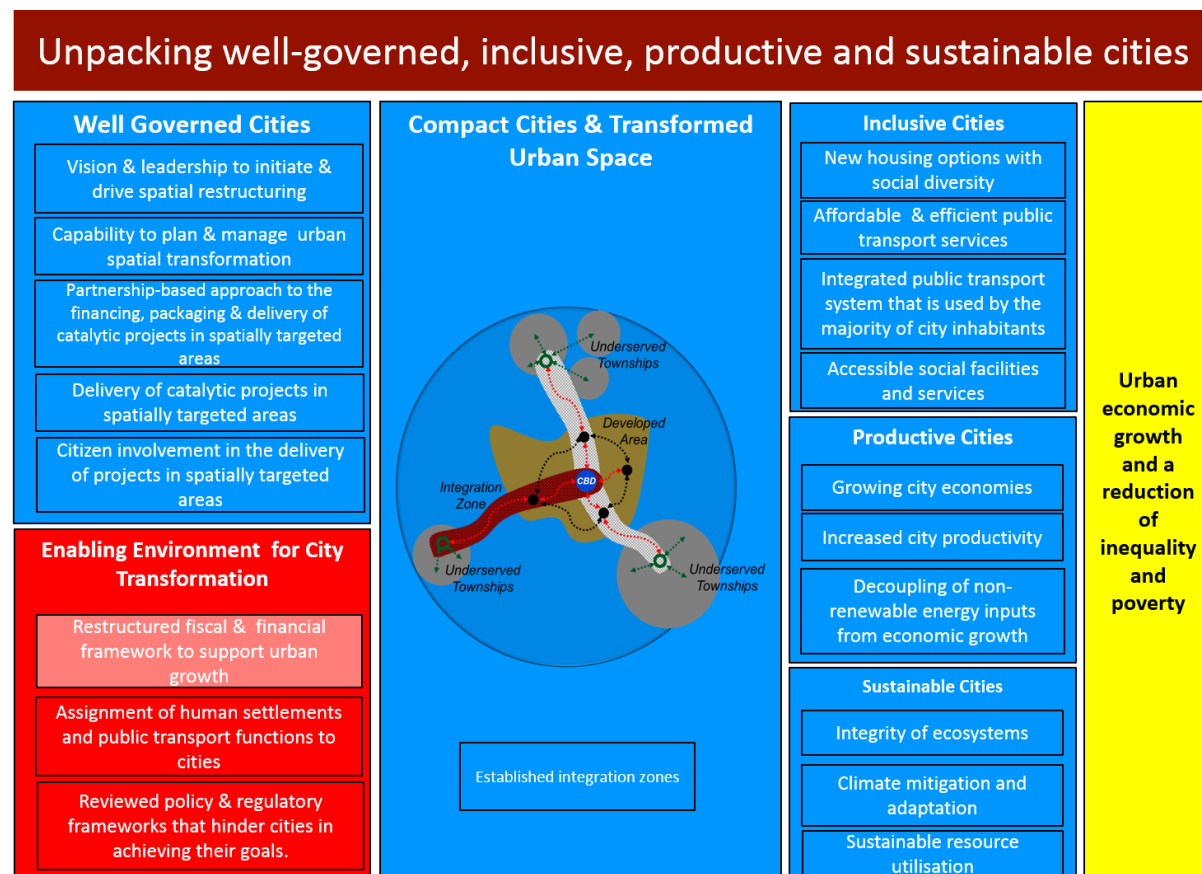


Figure 2: BEPP Results-based Framework

A set of five integrated outcome areas, together with general results statements have been developed further in the table below:

Integrated Outcome Area	Result Statement
Well-governed city	Vision and leadership to initiate and drive spatial restructuring
	Capability to plan, facilitate, deliver and manage urban spatial transformation
	Partnering with citizens, civil society, private and public sectors
	Delivery of catalytic urban development programmes in spatially targeted areas
Inclusive city	Housing options with social diversity
	Affordable and efficient public transport services
	Integrated public transport system that is used by the majority of city inhabitants
	Social facilities and services
Productive cities	Growing city economies
	Increased city productivity
	Decoupling of non-renewable energy inputs from economic growth
Environmentally sustainable city	Integrity of ecosystems
	Climate mitigation and adaptation
	Sustainable resource utilisation

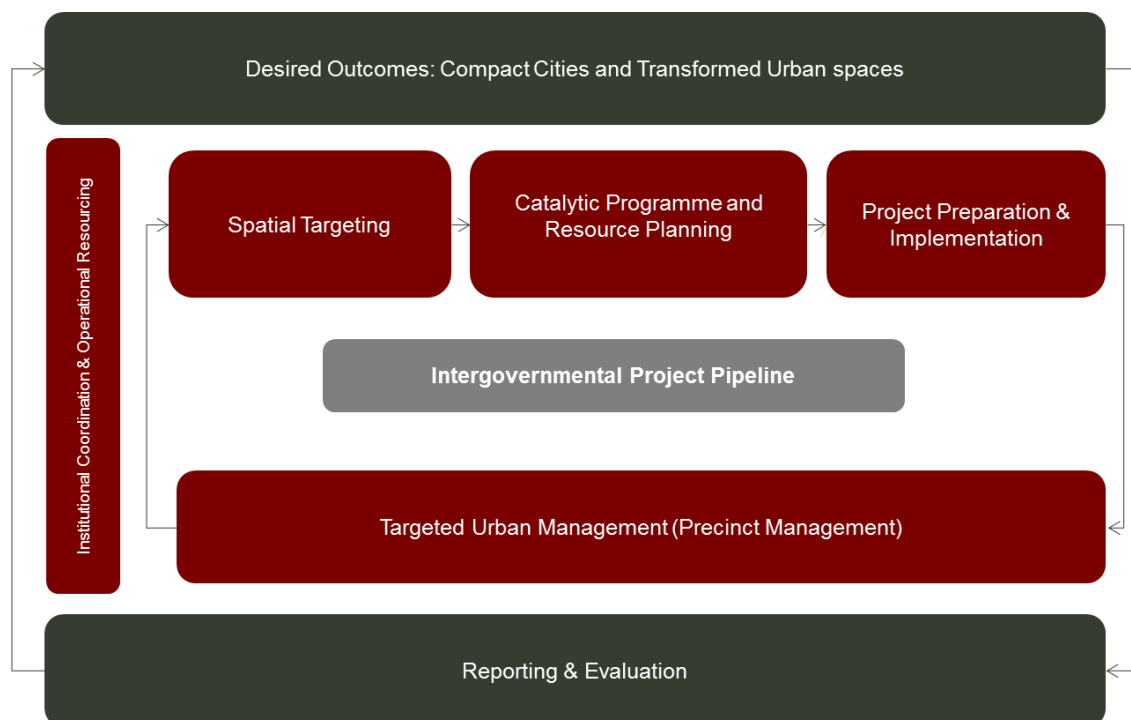
**Table 1: Integrated outcome areas**

The ultimate impact which the BEPP works towards is economic growth. There are a number of basic economic development tenets that the BEPP embraces in its focussed approach to spatial transformation in support of the enhanced performance of the city economy:

- a) Infrastructure services for priority investment areas are provided and maintained
- b) Regulatory and administrative controls favour priority investment areas
- c) Area based urban management and investment promotion activities encourage and sustain investment in the priority areas
- d) Implementation partnerships are pursued with the private sector and households
- e) There is intergovernmental co-ordination of services and initiatives

Indeed the BEPP itself can be understood to be an investment promotion tool for priority areas of the city, whether this investment be social or economic or both.

The Built Environment Value Chain (BEVC), depicted in Figure 3 below, is an intervention logic that structures the BEPP as a plan and planning process whose starting point is the identification and definition of the integrated outcomes outlined in Figure 2 above.



**Figure 3: Built Environment Value Chain**

The BEVC is an **intergovernmental process** or set of activities aimed at achieving the identified set of built environment outcomes in cities. The BEVC activities are linked together in a logical sequence, and form part of an iterative process rather than a linear process.

The starting premise of the BEPP is that **spatial targeting of investment** is necessary to achieve coordinated public intervention that maximises the leverage of limited public resources. Starting with an **urban network plan**, the BEPP identifies spatial targeting areas that are the optimal locations for integrated, transit-oriented development, as recommended in the National Development Plan and Integrated Urban Development Framework. The prioritisation of particular areas is intended to provide a hierarchy of space where the cumulative effect of public, private and household investment will contribute to spatial transformation. It is not intended to exclude allocation of resources to other areas

Priority precincts within these areas are identified which are the focus of catalytic urban development programmes which need to follow a **rigorous portfolio management and programme preparation approach**. It is important to ensure that these projects are designed from the outset with feasible and documented concepts, viable project funding structures (financial closure), effective implementation and operational modalities and to collectively contribute to outcomes and thus impacts. Critically these programmes and the projects within them should contribute to transforming our metropolitan municipalities to be well-governed, compact, inclusive, productive and sustainable.

This planning approach should clearly influence the allocation of **resources** where spatially targeted areas become the focus for the planning, coordination and sequencing of public investment from all spheres including State Owned Companies. A pipeline of **intergovernmental urban development projects** are therefore identified and tracked within these programmes. Spatial priorities will not take up the total capital budget, but it should be a specified proportion of the capital budget given the potential of the projects to catalyse spatial transformation. The allocation of capital funding needs to sit within a broader **long term financing strategy** that can sustain the investment programme.

A strong and direct link between planning and budgeting frameworks that influences the allocation of resources to the intergovernmental project pipeline should result in project **implementation**. The effective implementation of projects depends on the delivery capacity of the metropolitan municipality, state-owned entities, the construction industry and developers. The implementation of catalytic programmes that are funded by the public and private sector should be secured through robust **partnership-based urban management** approaches in the targeted TOD precincts. Implementation should also be reinforced with **regulatory reforms** that ensure that disincentives to the private sector and households to follow public sector investment is removed and mechanisms to facilitate development are exploited.

Sustained **implementation, urban management** and **regulatory reform** should result in improved service delivery and spatial transformation that positively contributes to inclusive economic growth and the reduction of poverty and inequality over the long term. The results-based approach requires **reporting** on the improvements to the performance of the built environment in a measurable and tangible manner through an agreed set of built environment indicators.

All of the above BEVC activities require suitable **institutional arrangements** that contribute to outcomes based city efficiency. In other words institutional good governance and capacity is critical.

**Technical Support to Metros progressing along the BEVC**

Support initiatives have been put in place that address cross-city and cross-project issues. Support is structured around the elements of the BEVC. Further detail on support available is outlined in each BEVC element presented below. This support package includes technical support to all Metros in respect of their Capacity Support Implementation Plan (CSIP) and on-going IGR support, as well as a series of toolkits.

### 3.1 Institutionalisation of the BEPP Method

The BEPP Method requires a focussed, transversal, integrated approach to planning, prioritising, resourcing, implementing and reporting on a spatially transformative investment programme. The current organisational structure of many Metros can impede the implementation of transversal management priorities for effective service delivery. This does not mean that the organisational structure has to be changed, but rather those effective institutional arrangements for transversal management be established.

There is a need to outline cross cutting institutional arrangements in addition to specific institutional arrangements related directly to spatial planning and targeting, programme identification, the project pipeline, project preparation, funding and financing, implementation, complimentary regulatory reform and urban management. Cross cutting institutional arrangements should include the *linkages* between institutional arrangements for specific elements of the BEVC, and how these are held together by the BEPP – as a plan and a process.

The preparation of the BEPP and the annual review and advancement of the BEPP along the BEVC is in itself an important tool to facilitate intergovernmental and transversal coordination and alignment within the Metros. For this reason the institutional arrangements put in place for the annual BEPP process and maintaining stability in these arrangements year on year are critical.

Best practice suggests that development of the BEPP is best done, not from a sector specific function within a Metro, but from a position where integrated, transversal planning can lead, under an executive champion, a collaborative process of engagement on the drafting of BEPP content; including the participation of officials responsible for spatial and land use planning, project portfolio management and preparation, finance and relevant sectors.

Spatial transformation outcomes and related indicators have to be defined and then the sectors used in an integrated way to deliver on TOD. TOD by its very nature promotes functional integration of transport and housing through spatial planning, land use management and urban design through to implementation.

Expectations associated with the annual BEPP process are outlined in section 6.2 below.

#### **Baseline BEPP Content Expectations:**

- The BEPP should identify the institutional transversal arrangements in place for the preparation and ongoing updating of the BEPP
- The BEPP should acknowledge existing institutional arrangements in place for addressing transversal management priorities for effective planning and implementation in Integration Zones, Economic Nodes and Marginalised Residential Areas, and include a brief analysis of the effectiveness of these institutional arrangements or lessons learnt and adjustments made.

### 3.2 Spatial Planning & Targeting

The Integrated Urban Development Framework (IUDF, 2016) identifies spatial planning as the first lever to effect policy change as the basis for achieving integrated urban development which follows a specific sequence of policy actions, the first two of which are, integrated transport that informs targeted investments into integrated human settlements underpinned *inter alia* by economic diversification and inclusion.

Drawing from the MSDF, the BEPP identifies the Urban Network Plan<sup>1</sup> as the basis for a transit-oriented spatial targeting approach that prioritises urban structuring elements in the metropolitan network as levers for spatial transformation. Its focus is to optimise access to social and economic opportunities for all and especially the poor. The urban network should be underpinned by robust integrated human settlements and public transport network planning - working towards a more efficient, connected urban environment that creates an enabling environment for economic growth and development. This is premised upon optimising hierarchical planning and investment coherence across the various planning

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<sup>1</sup> This process is explained in more detail within the Guidance Notes on Urban Network Identification and Urban Network Plan and the draft Integration Zone Planning Toolkit. Refer to the NDP Website for more information.

scales i.e. from the pedestrian level through all the different scales, up to the city-wide primary public transport linkages.

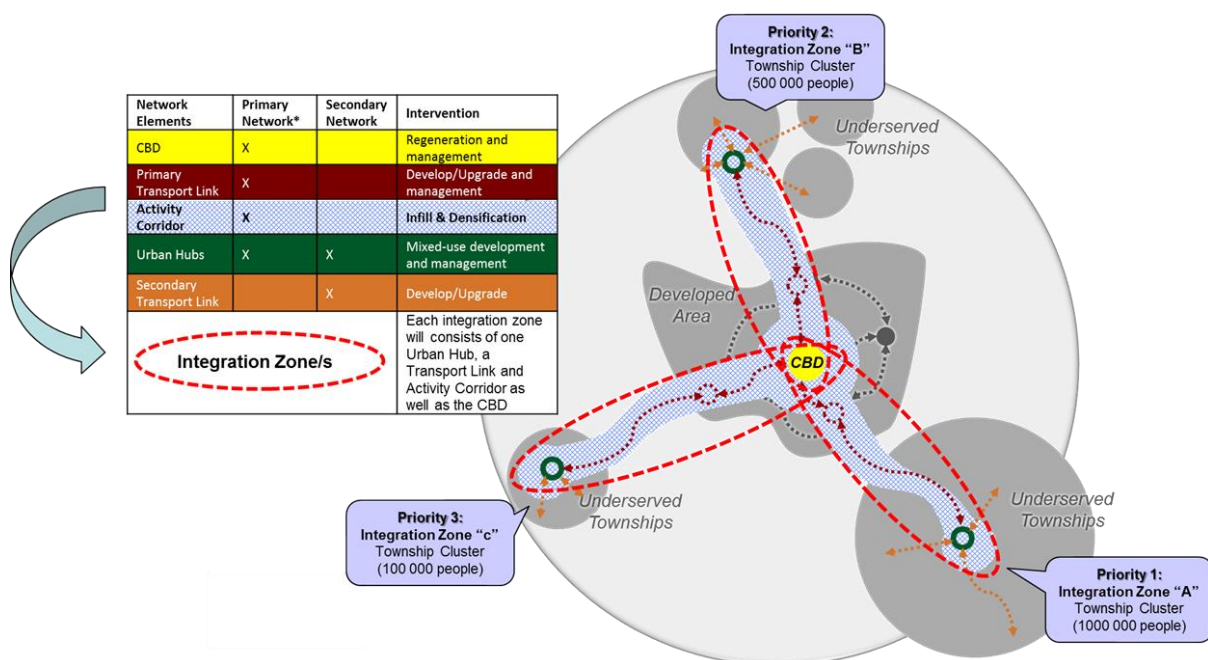


Figure 4: Urban Network

Flowing from the Urban Network Plan, in order to support Metros to focus on a programme of spatial transformation, the BEPP prioritises the following spatial elements as the areas to be targeted for investment in the urban network:

- Integration zones (a network of targeted spaces within the metropolitan urban network linking opportunity and need consisting of a mass transit spine and a number of targeted “anchor” – a CBD and an Urban Hub - and “intermediate” nodes on this spine, as well as transport feeder linkages to secondary township nodes, marginalised residential areas and economic nodes (commercial and industrial nodes);
- Marginalised residential areas within this integration zone in need of ongoing redress – informal settlements and townships;
- Economic nodes (commercial and industrial nodes including inner city areas) within this integration zone

These spatially targeted areas should form the focus areas for intergovernmental planning, co-ordination and investment. These areas are not meant to be exclusionary, but to provide a hierarchy of space where investment in the spaces contributes to spatial transformation. So, while this does not mean that most of the expenditure is focused in these areas, a significant amount of public funds should be well planned and co-ordinated in these areas, while the basics of infrastructure repairs and maintenance, operating costs, etc. are still adhered to. The outcomes presented above should guide the prioritisation process, providing a golden thread from the identification and prioritisation of integration zones through to the prioritisation of projects, based on a clear planning logic and explicitly stated theory of change.

The BEPP therefore goes on to identify priority precincts within these spatial targeting areas and develop catalytic urban development programmes to achieve urban transformation in these precincts. Within these programmes there is an intergovernmental project pipeline aimed at collectively support the achievement of targets associated with building more productive, inclusive and sustainable cities.

The BEPP also identifies marginalised residential areas and economic nodes outside of the prioritised integration zones which are nevertheless a priority for the Metro, in order to understand and contextualise the spatial distribution of investment and the spatial mix of resources allocated between the spatially targeted areas and other areas. It is understood that programmes and projects outside of

the integration zones are necessary to address areas with high levels of poverty as part of the social inclusion agenda.

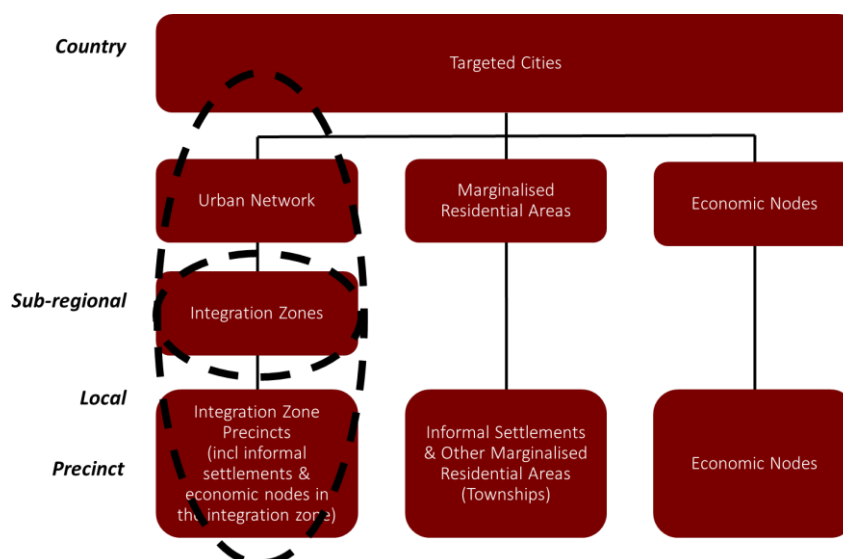


Figure 5: Spatial Targeting Hierarchy

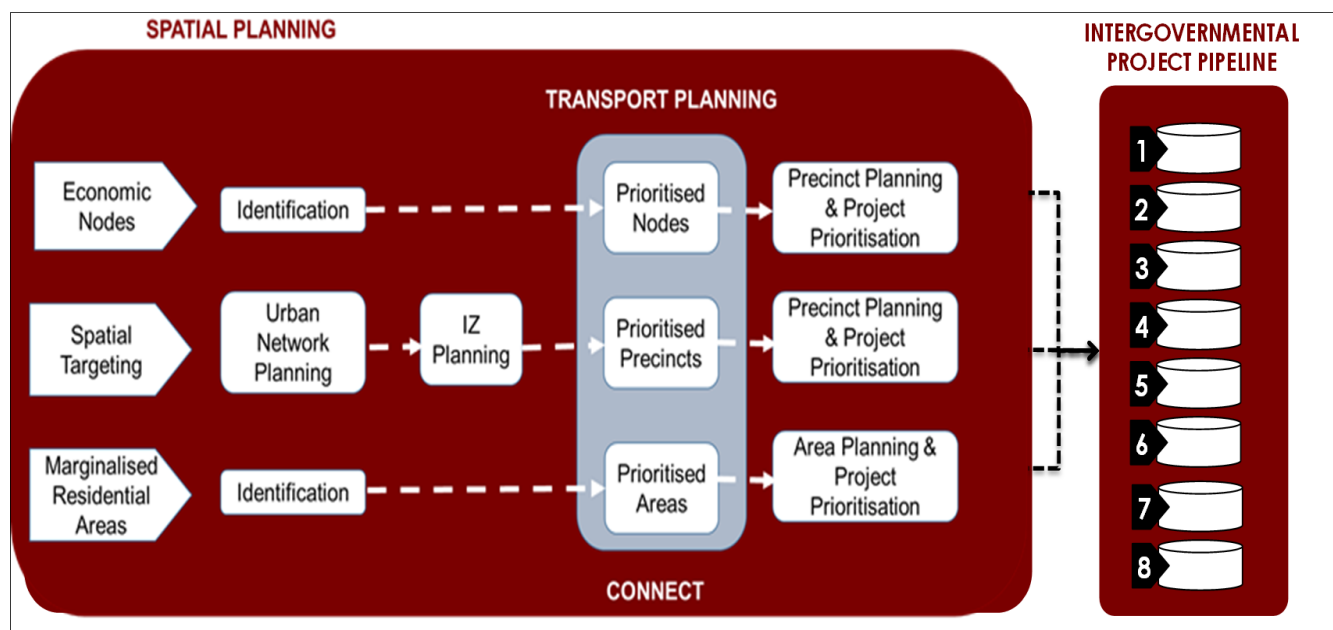


Figure 6: The outputs of spatial targeting

It should be noted that Metropolitan municipalities are legally tasked with preparing a series of sector plans, among them, Comprehensive Integrated Transport Plans (CITPs), Integrated Public Transport Network Plans (IPTNs) and Human Settlements Development Plans. These are intended to be city-wide, strategic, long term, and multi-modal (in the case of public transport) and across housing typologies and affordability levels (in the case of housing plans). Metropolitan municipalities are at varying levels of developing these plans, which should be instrumental in directing these public investments towards spatial transformation, *if* they are prepared on the basis of a set of integrated outcomes and on an inter-disciplinary basis, guided on an iterative basis by the MSDf. The Urban Network Plan, and specifically the identification of prioritised spatial targeting areas, provides a mechanism for integrated planning and in particular, the spatial alignment of investments in public transport and housing.

The above-mentioned targeted spaces for planning and investment are elaborated on further below;

### 3.2.1 Integration Zones

The priority Integration Zone(s) should be the focus of as many public sector role players as appropriate, aligning public sector investment to attract and incentivise businesses and households to invest their resources in these zones. It is possible to have more than one priority Integration Zone at a given point in time, but there should be clear prioritization between them in terms of relative resource allocation, in terms of their ability to integrate marginalised areas with the more developed parts of the city space.

Once the priority Integration Zone(s) have been identified, the focus should shift to the desired urban transformation outcomes for the zone, preparation of an Integration Zone Plan to identify *what* is needed both across the zone and at precinct level and *how* will it be implemented, to ultimately achieve these agreed outcomes. The Integration Zone Plan should focus on both investments of a capital and operational nature aligning an intergovernmental programme of projects to be prepared and implemented based on a clear diagnostic of the problems, needs and opportunities presented.

Integration Zone specific indicators have been developed as part of the outcome indicators that are part of the BEPP's monitoring and reporting approach and these ten indicators are listed in the table below. While Integration Zone Plans should include these indicators, the Plan need not be limited to these.

Code	Indicator
WG13	Percentage change in the value of properties in Integration Zones
CC2	Number of land use applications processed in integration zones as a percentage of the total number of land use applications submitted city-wide.
CC3	Number of building plan applications processed in integration zones as a percentage of the total number of building plan applications city-wide.
IC2	Gross residential unit density per hectare within integration zones
IC3	Ratio of housing types in integration zones
IC4	Ratio of housing tenure status in integration zones
IC5	Ratio of land use types (residential, commercial, retail, industrial) in integration zones
IC6	% households accessing subsidy units in integration zones that come from informal settlements
IC7	Number of all dwelling units within Integration Zones that are within 800 metres of access points to the integrated public transport system as a percentage of all dwelling units within Integration Zones
PC4	Commercial and industrial rateable value within integration zone for a single metro as a % of overall commercial and industrial rateable value for that same metro.

Table 2: Integration Zone-specific outcome indicators

### 3.2.2 Marginalised Residential Areas

#### a) Informal Settlements

Informal settlements require specific attention from government, not only in terms of assistance with shelter and basic services, but also in terms of socio-economic development and human capital development. A 2011 Cabinet decision to upgrade informal settlements in approximately 45 municipalities has specific implications for Metros given that that a large proportion of households in informal settlements are in Metros. The thrust of this national initiative - the Upgrading of Informal Settlements Programme (UISP) - is capacity support to municipalities to focus more on in-situ upgrading rather than relocating large numbers of households. Specifically, capacity to support the issues of basic service provision, secure tenure and shelter provision. Integrated, in-situ upgrading of these settlements requires citizen-led planning and development with a transversal approach from the Metros, supported by a coordinated intergovernmental response. People living in informal settlements require secure tenure and access to basic services and social amenities, need to be supported to lead the planning of upgrading programmes and empowered to oversee their execution. The upgrading and progressive formalisation of these informal settlements has a spatial impact at a city-wide level.

A minimum of 50% of the USDG allocation to Metros must be invested in the upgrading of informal settlements. For this reason, how this funding is allocated to prioritised informal settlements within a broader integrated spatial logic and intergovernmental programme of complimentary investments (the Integration Zone Plan) will determine the extent of transformation possible for this settlement.



## **b) Other marginalised residential areas**

In addition to informal settlements, there are other marginalised residential areas that are in decline and/or where people are deprived – areas in need of redress and generative development. These are areas that are typically not the focus of the private sector developers. These may be areas formally developed seeing increasing informalisation through informal infill development (front & backyarding) or unregulated densification, carrying much of the growth in informal housing supply. These areas are likely to require some kind of intervention from government to start with if they are to flourish as liveable neighbourhoods with high accessibility to the broader urban network.

### **3.2.3 Economic Nodes**

A metropolitan area's economic nodes, where employment is generated at scale; i.e. in commercial, industrial or mixed use precincts, are critical elements in the urban network and their fortunes are impacted on by the performance of this network. The spatial location of these economic nodes relative to the availability of different modes of transport and the proximity of residential areas catering to different income segments determines the time and money spent by people to commute to work and the knock on cost to employers.

The cyclical growth and decline of these areas over time demands adjustments to the network which comes at a cost to the urban networks and systems. If the public sector understands the performance and potential of these areas it is able to anticipate the needs and actions that may retain and grow investment confidence in these nodes as thriving nodes with significant sunk investments on the part of the private and public sectors. They have significant needs but also present substantial opportunity for creating a more inclusive economy.

Clearly, the integration zone's anchors, the CBD and urban hubs may be important economic nodes. There may also be economic nodes which serve as intermediate nodes along the transit spine of the integration zone. In other cases there are economic nodes elsewhere in the integration zone or are significant in relation to the integration zone.

Either way, these nodes are significant to the functioning and performance of the urban spatial economy and maintaining sustainable livelihoods and should be identified and prioritised based on a robust diagnostic model.

Emerging best practices in some metropolitan municipalities such as Cape Town have mined and integrated available datasets to offer a spatial analysis of economic potential and performance, particularly through combining analysis of labour force, property market and mobility patterns. The disaggregated analysis of these trends provides the basis for reflection on the appropriate strategic responses by metropolitan municipalities, in terms of policy, plans and programmes for economic nodes.

#### ***Baseline BEPP Content Expectations: Spatial Targeting***

##### ***i. Integration Zones***

- Urban Network Plan – clearly mapped, identifying Integration Zones and relative priority
- Integration Zone Plan for the prioritised integration zone(s) indicating prioritised spatial elements within the zone and prioritised TOD precincts

##### ***ii. Marginalised Residential Areas: Informal Settlements***

- Comprehensive information on the strategy, plan and programme for the upgrading of informal settlements
- Identification of priority informal settlement upgrade projects

##### ***iii. Other Marginalised Residential Areas***

- The BEPP should indicate other priority marginalised areas and whether a strategy for the development of these marginalised areas exists or is under development.

##### ***iv. Economic Nodes***

- The BEPP should present the findings of an analysis of a metro's economic nodes that locates these nodes within the urban network and more specifically the integration zone(s) and establishes an understanding of their performance and potential related, in part, to their spatial location and the typically cyclical nature of the performance of economic nodes.

- The prioritisation of these economic nodes and the nature of programmes identified for these economic nodes and priority precinct(s) within them, should evidence a logic related to this analysis
- v. **Marginalised Residential Areas & Economic Nodes outside of the Integration Zone**
  - The BEPP should indicate identify the spatial logic for other priority marginalised residential areas and economic nodes and whether a strategy for the development of these areas exists or is under development.

#### **Tools & Support Available:**

BEPP Guidelines 2017/18 MTREF Toolbox

##### **i. Integration Zones**

- Integration Zone Planning Toolkit, <http://ndp.treasury.gov.za>.
- The NDPP's Spatial Targeting Calculator to assist with high level costing of Integration Zone Plans
- The NDPP offers funding in support of the development of Integration Zone Plans

##### **ii. Informal Settlements**

- Planning and Assessment Guidelines for Informal Settlement Upgrading
- The NUSP Toolkit available at [www.upgradingsupport.org](http://www.upgradingsupport.org)

##### **iii. Economic Nodes**

- The [Economies of Regions Learning Network](#) (ERLN) brings together economic development practitioners in all spheres of government in a spirit of enquiry and cooperation to strengthen their agency as leaders in the regional economic development arena.
- The [Economic Areas Management Programme](#) ('ECAMP') is a ground-breaking research and policy support initiative which tracks and routinely assesses the market performance and long-term growth potential of over seventy business precincts across the metropolitan region in Cape Town; on this basis, local interventions are identified which help ensure that each business precinct performs optimally given its particular locational assets.
- [StatsSA](#) has a household-based sample survey which is called the Quarterly Labour Force Survey (QLFS). The data is on the labour market activities of individuals will assist Metros to track
- Efforts to engage with SARS to access data that would deepen the data available to Metros to support an understanding of the space economy are ongoing.
- The National Treasury CSP has a peer learning process to improve time required to get development approvals and other town planning regulator processes - best practices are shared among the Metros with a view to improving performance and thereby promoting development and growth.

### **3.2.4 Strengthening credible public transport and housing plans and their alignment with one another and spatial targeting areas**

Funding associated with improved public transport systems and providing housing opportunities accounts for the bulk of grants made available to Metros. How and where these investments are made in cities, and in relation to each other, has a critical impact on the extent to which Metros are able to enable compact cities and transformed urban spaces, and specifically, transit-oriented development.

A spatially targeted, transit-oriented development strategy requires close alignment between investments in prioritised integration zone precincts (which have a housing component) and public transport. Differences persist between proposed housing and public transport investments, and specifically in relation to spatial development plans and land use management systems. The potential role of spatial and land use planning in driving integration between these sectors has been underplayed.

Residential development projects financed by public funds result in significant footprints on urban form and impact the cost of mobility of households, as well as the amount of time spent to access social and economic services and facilities. The MTSF 2014-2019 for Human Settlements acknowledges the need to transform human settlements into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and necessary infrastructure. This emphasis enables a better alignment of human settlements projects to the public investment in urban mobility that we have witnessed in our cities since 2007/8 resulting in the planning and/or implementation of Bus Rapid Transit (BRT) within the framework of the Integrated Transport Plan (ITP).

In September 2014 the national department of Human Settlements and the Housing Development Agency (HDA) set out a concept document on the National Human Settlements Master Spatial Plan. It is work in progress towards an Investment Framework based on a spatial targeting approach that defines “geographic areas and the definition of expected outcomes supported by fiscal programme”. This Investment Framework “will direct investment in places that optimise existing capacity of settlements before engaging in fiscally onerous settlement approaches by acknowledging existing localised spatial targeted areas for investment.” The application of this approach has resulted in Metros being identified as “highest investment potential.”

The department of Human Settlements acknowledges the UNS approach adopted by Metros for spatial targeting at a sub-metropolitan level. The department also acknowledges that spatial planning and land use management is a municipal function. Thus the planning decision of the location of human settlements projects will remain exclusively with the Metros and be guided by the process of project appraisal that will be a joint effort between Metros, the department of Human settlements and National Treasury.

The expected outcome as stated in the Concept Document is the identification of potential human settlements projects that are constituents of the catalytic urban development programme (the principles and criteria for catalytic urban development programmes are defined below).

Most BEPPs already provide a clear diagnosis of the development challenges facing metropolitan municipalities, particularly related to the impact of urban growth on the provision of housing, transport and infrastructure. In the Human Settlements sector, the scale and location of existing and projected housing demand presents strategic choices for the development of integrated human settlements, in terms of location, infrastructure requirements, housing typologies (relative to household affordability constraints), and appropriate strategies for land release. Similar strategic responses are required in the public transport sector, in relation to route planning, modal and technology choices and levels of service.

Spatial planning and targeting should lead the planning of integrated public transport networks (IPTNs) and prioritisation of implementation of this network, in order to optimise the likelihood for these networks to integrate with the planning and management of land use towards TOD. The newly introduced IPTN Guidelines include some key content requirements to bring the two processes closer together. IPTNs have critical requirements to align and integrate them with their Metro’s BEPP. This includes requirements for:

- Route alignment.
- The outcomes based approach including adoption of current BEPP indicators; and
- A process of IPTN formulation that has at its core, the adoption of key spatial planning principles including spatial targeting and the UNS methodology.

Importantly, significant changes have been made to the public transport sector planning process, through reforms to include greater alignment with the BEPP. Key to this is greater alignment of content and a process of deliberate assessments of BEPP alignment in IPTNs. Finally, IPTN assessment and engagement by the NDOT will include other than the public transport departments, the BEPP coordinator and/or land use planning as well as housing.

**Baseline BEPP Content Expectations:**

- The BEPP should articulate how integrated public transport network planning and human settlement development plans, and prioritisation within these plans, are integrated, or are in the process of being integrated, with a particular focus on the spatially targeted areas and priority precincts within these.
- The BEPP must exhibit a clear line of sight from these integrated plans into the metro's own catalytic urban development programme and the intergovernmental programme

**Tools & Support Available:**

- Integrated Public Transport Network Plan Development: Draft Technical Guidance (available on request from the CSP)
- For longer term alignment, and because Metros are at various stages of creating their long term public transport network plans (CITPs and IPTNs), there is provision of dedicated technical support for them for this process through the CSP public transport component and the National Department of Transport.
- PTNG guidelines: [BEPP Guidelines 2017/18 MTREF Toolbox](#)
- Draft Integration Zone Planning Toolkit (available on request from the CSP)
- The following tools will assist with developing housing strategies:-
  - [Housing Strategy Tool](#)
  - Analysis of housing markets available from the [Centre for Affordable Housing Finance](#) (CAHF)
  - [Fiscal Impacts Model](#)
- Metros may ask the CSP to facilitate collaborative planning sessions with Provincial Governments.

### 3.2.5 Precinct Planning

Precinct Planning follows on from the identification of Integration Zone/s and the confirmation of prioritised TOD precincts within these zones and more specifically within the spatial structuring elements of the zone; i.e. the CBD, Urban Hub, Intermediate Node, marginalised residential areas and economic nodes. Precinct plans are detailed development plans/ frameworks or guidelines for a localized area, taking directive from higher order plans.

Detailed precinct plans are the basis for project identification, project pipelining or programming and project preparation. This implementation programme must be rooted in an understanding of what will achieve the agreed outcomes for the integration zone. Ideally the precinct planning process should contain a high level costing of the development yield (land use budget) and required infrastructure which will give rise to a list of prioritised catalytic urban development programmes which would increase the potential for investment agglomeration, including non-investment activities or interventions (such as land use management reforms). Precincts typically host a myriad of land owners, stakeholders and role players, public and private. Projects to develop or improve a precinct cannot therefore be limited to the metropolitan government, they are likely to be inter-governmental and may also include projects to be driven by the private sector or in partnership.

**Baseline BEPP Content Expectations:**

- Priority Precinct Plans or evidence of progress in respect of priority precinct planning

**Tools & Support Available:**

- The NDPP's [Urban Hub Design Toolkit](#) can assist with precinct design reviews and studio sessions in a way that yields the identification of land use plans, budgets, catalytic urban development programmes as well as private sector investment opportunities.

### 3.3 Catalytic Urban Development Programmes

The Built Environment Value Chain starts with a process of spatial targeting flowing from the Metros' spatial planning. Spatially targeted areas are prioritised and plans developed for the priority precincts within these prioritised areas. A catalytic urban development programme is developed out of this precinct plan, and this programme and the projects within it undergo preparation towards implementation.

Catalytic urban development programmes; for the purposes of the BEPP, are specifically defined as programmes that:

- a) Enable integration, that is, mixed and intensified land uses where the residential land use caters for people across various income bands and at increased densities that better support the viability of public transport systems;
- b) Are game changers in that the nature and scope of the projects are likely to have significant impact on spatial form and unlock economic activity.
- c) Involve major infrastructure investment;
- d) Require a blend of finance where a mix of public funds is able to leverage private sector investment as well as unlock household investment;
- e) Require specific skills across a number of professions and have multiple stakeholders

Catalytic development programmes are an ensemble of all related projects (public: municipal, public: non-municipal and private [PPPs, SPVs, and pure private development] projects) needing to be implemented within a priority precinct of a specific spatial targeted area and from which the total *intergovernmental* project pipeline is identified and updated for all public sector projects in the programme. At the same time, it must be demonstrated how private sector and household investment is leveraged within the programme.

The catalytic programme preparation process is therefore aimed at delivering a series of built environment projects to be implemented by either national, provincial, municipal or private sector which will progressively put cities on the path to achieving compact cities and transformed urban spaces. This process is illustrated in draft form in Annexure 4.

Metropolitan municipalities have direct control over their projects within the catalytic urban development programme and indirect influence (although substantial) over the rest of the projects that make up the programme. Not all projects require extensive project preparation focus, only key projects. Metros should as far as possible enable the leveraging of investment in catalytic urban development programmes through individual project partnership arrangements using public expenditure to influence the location of investment by firms and households, e.g. identifying land to be serviced and packaged for development in particular spaces while using development control measures to discourage development elsewhere (e.g. Integration Zones in relation to other spaces). Collective investment from the public and private sector in specific urban spaces will enable these programmes to play an important role in spatially transforming cities by providing key services and developing mixed use, higher density developments.

A portfolio management approach for the catalytic programmes at the city level is required. That is the centralized management of the processes, methods, and technologies used by the programme and project managers and programme/ project management offices (PMOs) to analyse and collectively manage current or proposed catalytic programmes and associated projects. These catalytic urban development programme portfolios of the metropolitan municipalities will be amalgamated at the national level by National Treasury for the purpose of providing specialist technical support, aligning public investment across the spheres and entities, as well as attracting private sector funding.

A focus on the portfolio rather than individual projects only (whether mega, large or small projects) will enable effective identification, description and tracking of such interventions. Projects within a programme can be prioritised and sequenced in terms of dependencies (for instance, which projects are needed to unlock resources, align with budget cycles, are in states of readiness, respond to market conditions, as well as manage political expectations). Projects within such a portfolio can be supported to manage potential risks and clearly demonstrate the consequences of delays. It will also allow for improved resource allocation across spheres and entities, clearer monitoring, better project management and improved political reporting and project marketing. Careful thought should be given to how this approach can be inclusive of intergovernmental role players and the private sector, effectively.

Metros are required to provide detailed information on a progressive basis on the planning and implementation of each of their catalytic urban development programmes and related projects; including both public: municipal, public: non-municipal *and* private [PPPs, SPVs, and pure private development] projects. A standardized format which records these programmes will enable effective tracking of programme implementation and is set out in Annexure 1. This is especially important to encourage the interest of potential private sector investors.

### **3.3.1 Intergovernmental Project Pipeline**

A Metro's BEPP should take particular interest in the pipeline of projects planned for the Metro across the public sector actors (national, provincial and municipal government as well as state-owned entities) and present these in a standardised format as set out in Annexure 2.

Inclusive economic growth and more efficient urban form will not be possible without understanding the plans and programmes, particularly investment plans of all relevant sectors, spheres of government and state-owned entities, and, through Metro coordination, guiding and aligning these programmes and projects to the Metro's plan for better outcomes, e.g. the alignment of the planning and delivery of provincial infrastructure, such as health facilities and schools, within metropolitan spaces. Furthermore alignment between the investment in public transport and human settlements is required to enable integration at the local level. There has generally been weak intergovernmental coordination and planning across the three spheres of government and state owned companies although all have substantive investments in the built environment at the city level.

The BEPP is interested in the intergovernmental project pipeline at two levels outlined below:

#### **a) A city-wide perspective of the intergovernmental project pipeline**

This is aimed at providing information and a baseline for the progressive spatial targeting of this investment in terms of a Metro's plans – the basis for dialogue on alignment of objectives and programmes in terms of a shared set of agreed outcomes. Most Metros have struggled at one point or another with limited information on plans and projects of other spheres and/or entities within their jurisdiction. This information is often only received when the spheres and/or entities apply for development approvals. This severely limits their ability to co-ordinate the implementation of these projects in relation to their own projects – where there are co-dependencies or opportunities lost in the failure to coordinate.

In the short term, all spheres and entities who have projects within cities should be able to provide Metros with their lists of projects (capital projects over the medium term) to include in an intergovernmental project pipeline. The main purpose of the pipeline is to share information, enable engagement on this information and to shift towards agreement and commitment to a programme of collective, coordinated public investment in priority precincts based on identified needs set out in the precinct plan's intergovernmental project pipeline, and to inform the development of the long term financial strategy to sustain this investment programme.

#### **b) The intergovernmental project pipeline within the catalytic urban development programmes**

The preparation of a catalytic urban development programme of projects to a ready status of implementation is complex containing many projects over the medium to long-term which include many municipal projects, other inter-governmental projects (as well as a variety of private sector related projects) which necessitate rigour and discipline in programme management and corporate decision-making processes in order to ensure progression through various stages of programme preparation.

The BEPP process aims to progressively move Metros from the alignment of processes and time frames in the public sector to joint planning of priority precincts within spatially targeted areas followed by the sequencing of public investment in these areas, while respecting the various mandates of government spheres and entities and understanding their business models through the catalytic urban development programmes, as discussed above.

As institutional coordination mechanisms take hold at the Metro and precinct level that enable the sharing of information and in time, joint planning, prioritisation and project alignment, ultimately the goal is to have municipal, provincial, national sector departments and state-owned entities plan their projects and budgets collaboratively, under the leadership of the Metro, for the transformation of integrations

zones and priority precincts within these. The ‘crowding-in’ of public investment should generate confidence and generate a response from the private sector and households, and in so doing serve to optimise the gearing of public funds.

As this pipeline is established and supported by legislated and other intergovernmental cooperation mechanisms that serve as implementation agreements between the Metros, other spheres of government and state-owned entities, the existence of these agreements and the performance of this pipeline, evaluated through the annual BEPP evaluation process, must become an informant to the national process of funding allocations to state-owned entities and national and provincial departments.

#### ***Baseline BEPP Content Expectations:***

##### ***i. Catalytic Urban Development Programme***

- Catalytic Urban Development Programmes identified for the prioritised Integration Zones should be presented as a list of programmes and constituent projects including their total project value, funding source and programme status (refer to Annexure 1 for a template which will be confirmed on an annual basis and tracked independently of the BEPP by the National Treasury)

##### ***ii. Intergovernmental Project Pipeline***

- The intergovernmental project pipeline identified for each prioritised Integration Zone and prioritised TOD precinct, via the Spatial Planning & Targeting component of the BEVC, should be placed on a combined Intergovernmental Project Pipeline – presented as a list of projects by name and rand value within spatially various targeted areas (Integration Zones, Marginalised Residential Areas and Economic Nodes) and in other areas of the city (refer to Annexure 2 for a template which will be confirmed on an annual basis)
- Metros must indicate how they have achieved interactive joint planning and budgeting at the metro level, particularly in terms of aligning the planning and delivery of provincial and national infrastructure, including state-owned entities.
- Implementation agreements in place between Metros and relevant national, provincial departments and state-owned entities that support the intergovernmental pipeline should be identified and summarised in the BEPP.
- Progress in relation to these agreements should be evaluated and discussed in the BEPP by the Metros with a view to highlighting programme/ project specific performance expectations that should be cross-checked in national processes of evaluation of annual reports and business plans.

#### ***Tools & Support Available:***

##### ***i. Catalytic Urban Development Programme***

Metros require ongoing support to fast track implementation. The support to Metros assists them to conceptualise and design a new generation of integrated land development projects including human settlements projects that maximise public real estate value to finance these catalytic urban development programmes and their constituent projects, through providing practical access to global best practices and hands on technical assistance at a project level. Support available includes project identification and reporting, project design, project packaging, project concept development, market demand assessments, project delivery models and project financing. Depending on the nature of the support, the support is delivered through different vehicles including, but not limited to:-

- Technical advisory services from the World Bank including expert panel reviews of proposed programmes and projects, transaction advice, specific project design assistance, and quality assurance.
- Professional services drawn from the CSP Expert Panel for metro specific issues related to catalytic urban development programmes.
- The [Fiscal Impacts Model](#) is available to evaluate alternative land use scenarios at a project level, estimate life cycle costs, and test alternative project locations, land use mixes and housing typologies.
- Public investment in high density residential development, both social housing and affordable housing in the priority Integration Zone would improve inclusivity – the CSP is currently supporting 3 Metros to analyse dynamics in their property markets and identify obstacles that constrain the affordable housing market.



- General technical assistance to all Metros in the form of national seminars and ongoing direct support on transaction advice to maximise public real estate value to finance catalytic urban development programmes and their constituent projects. This technical assistance is aimed at acquiring practical knowledge on real estate market dynamics: an overview of the South African real estate market, the real estate development process, primary financing mechanisms for real estate projects, and opportunities for municipalities to leverage their respective portfolios.
- A guideline of approaches and best practices for the preparation of urban land development programmes and projects by municipalities is being prepared, building on content discussed at past technical workshops. This will be available in June 2018.
- Technical workshops on the preparation urban land development and regeneration programmes are offered to provide project preparation teams with an opportunity to reflect on project design, explore innovation in project financing mechanisms, and learn from progress in other Metros.
- The National Treasury holds a register of programmes that meet specified criteria as 'catalytic programmes' on a Catalytic Programmes Database. These catalytic programmes are eligible for rigorous programme and project preparation support from the National Treasury. In order to qualify for registration on this database the identified programmes must be described in a way that clearly illustrates each programme's consistency with the UNS rationale and the way that it builds the BEVC so as to meet the targeted built environment outcomes.

**ii. *Intergovernmental Project Pipeline***

- Integration Zone Planning Toolkit; Urban Hub Planning Toolkit and NDPP support processes for the generation of the these pipelines
- The CSP is available to facilitate work sessions for the Metros and the required intergovernmental partners on request from the city/intergovernmental partner.
- The CSP assists Metros to meet with Provincial Treasuries to align the planning and delivery of provincial infrastructure to metropolitan priorities. Alternatively, Metros are supported by the relevant Provincial Treasuries who co-ordinate the IDIP and IDMS, with guidance from National Treasury. This will be complemented by National Treasury working through its Provincial Infrastructure and Provincial Budget Analysis. National Treasury requires Provincial Treasuries to make the GPS co-ordinates available for provincial infrastructure.
- There are a number of intergovernmental coordination mechanisms enabled by law, such as the [National Land and Transport Act's](#) Modal Planning Committee, and in practice, such as Ministerial Technical Committee meetings that can be used in this process.
- The tool available to Metros to assist with infrastructure project preparation and implementation is the [Cities Infrastructure Delivery Management System](#) (CIDMS) which has been phased in from the 2016/17 financial year. This instrument aims to deliver guidelines and an implementation strategy designed to assist Metros to sustainably and visibly increase their spending on infrastructure delivery in support of enhanced cities' functioning and efficiencies, and therefore accelerated economic growth, as well as social upliftment and cohesion through the production of serviced land, housing and complimentary municipal public amenities. This initiative will establish a foundation for robust management of infrastructure across lifecycles and asset portfolios. The CIDMS is built on work done in the provincial sphere of government through the Infrastructure Development Improvement Programme (IDIP) and the Infrastructure Delivery and Management (IDM) toolkit developed as part of that programme, but tailored for the specific needs of cities, and with city involvement. CIDMS also provides clear guidelines on streamlining procurement processes that are specific to infrastructure which will differentiate from the usual goods and services procurement. This will specifically address the prevalent infrastructure procurement bottlenecks. In addition, this is critical in the cities as a number of catalytic urban development programmes and constituent projects might necessitate further unpacking of SCM regulations and special procurement arrangements required to deal with such projects.



### 3.4 Catalytic Urban Development Programme Resourcing

The metro municipal budgeting process is regulated by the MFMA and has shown vast improvement over the last few years in terms of being medium term budgets that are funded, credible, relevant and reliable. Yet there is a need to go beyond legislative and regulatory compliance and have a long term financing strategy at an institutional level which is **plan led**. The catalytic urban development programme set out in the BEPP requires sustained programme-level resourcing. The nature and quantum of resourcing requirements differs depending on where the programme and associated projects are in their preparation process. The funding strategy has to consider the requirements of the whole preparation process and what the impacts are on the broader public fiscus and how these impacts will be managed sustainably.

The IDP, Budget and the BEPP of most Metros have not typically focused on a long term plan led financing strategy, but more on a programme shaped by the funding envelope or an understanding of affordability under current conditions.

#### 3.4.1 Long Term Financial Sustainability

Implementation of the catalytic urban development programme, and specifically the intergovernmental project pipeline emanating from this, is not possible without funding. Many of these programmes require significant and sustained investment over the medium term. This has financial demands on and implications for the broader budgets of the Metros, in particular. The programme may indeed be beyond the financial capability of the Metro without proper prioritisation and planning. Simply put, the business case for the programme of projects and the projects themselves must first be understood (what would attract investors to invest in these?); then the implications they have on the projected financial position of the Metro and then policy decisions need to be made which include the funding source, be it cash flows, conditional grants and/or external borrowing, depending on the financial capacity of the Metro.

The aim of a Long Term Financial Sustainability Strategy is to support this process to create a more **sustainable and integrated infrastructure development programme**, by:

1. providing a financial decision making tool to prioritise catalytic urban development programmes and associated projects;
2. determining the financial impact of the programme and/or project on the long term financial position of the Metro and, accordingly, how best to fund the programme and/or project

A Long Term Financial Strategy ("LTFS") can be summarised as follows:

- A **long term financial model** as a **decision-making tool** that predicts the future financial performance of the City, based on agreed assumptions, including assumptions related to the implementation of large infrastructure projects; and identifies infrastructure projects that most meet the needs of the city, taking into consideration spatial (urban) demands; the cost of infrastructure and how it will be financed.
- Overall this will assist the city in **forecasting the future financial performance of the Metro's infrastructure projects** given certain assumptions and be able to assess the financial impact of various **policy choices** such as spatial development policy choices, investment choices and funding plan over the long term.
- It aims to enable the Metro to follow a more **integrated planning process** across departments; and should result in more **informed amendments to the development policies** of the City to enable the chosen strategy to be implemented.

The **Long-term Financial Strategy** supports the development of the catalytic urban development programmes in that it has a particular financial approach, where it quantifies these interventions in financial terms and ensures financial sustainability in the process by documenting interventions required to achieve the objectives of the Metro by setting out targets and actions required during the planning period based on the BEPP.

Once the financial strategy is formulated the Metro will be able to identify adjustments that need to be made to its **Financial Policies** to enable the strategy to be implemented appropriately. The latter includes borrowing strategies.

### 3.4.2 Resourcing the Intergovernmental Project Pipeline

The link between the BEPP Process and the annual national budget cycle is being strengthened on an ongoing basis. This is being achieved through aligning the time frames for the development and submission of Medium Term Strategic Plans and/or Annual Performance Plans of the relevant National and Provincial departments and state-owned entities to the BEPP planning timeframes, and having a structured process and mechanism/s for joint inter-sphere planning and budgeting as part of the general annual budget process led by National Treasury. This has been mapped out in Figure 7.

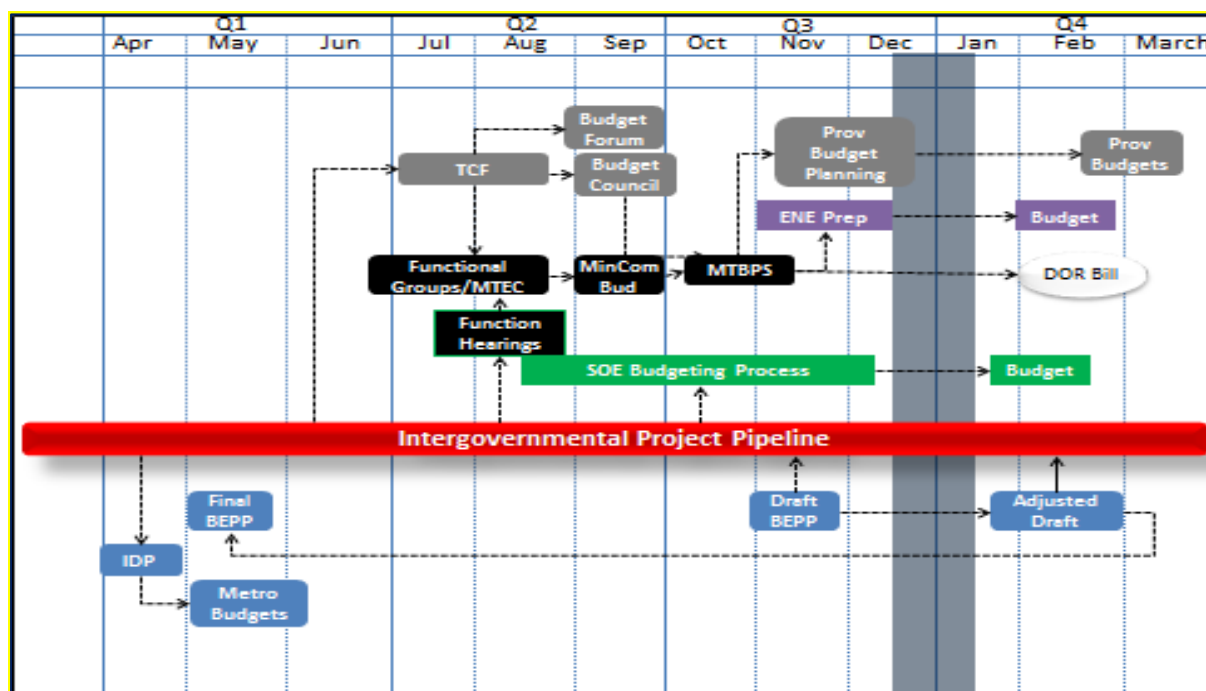


Figure 7: Inter-Governmental Planning Alignment

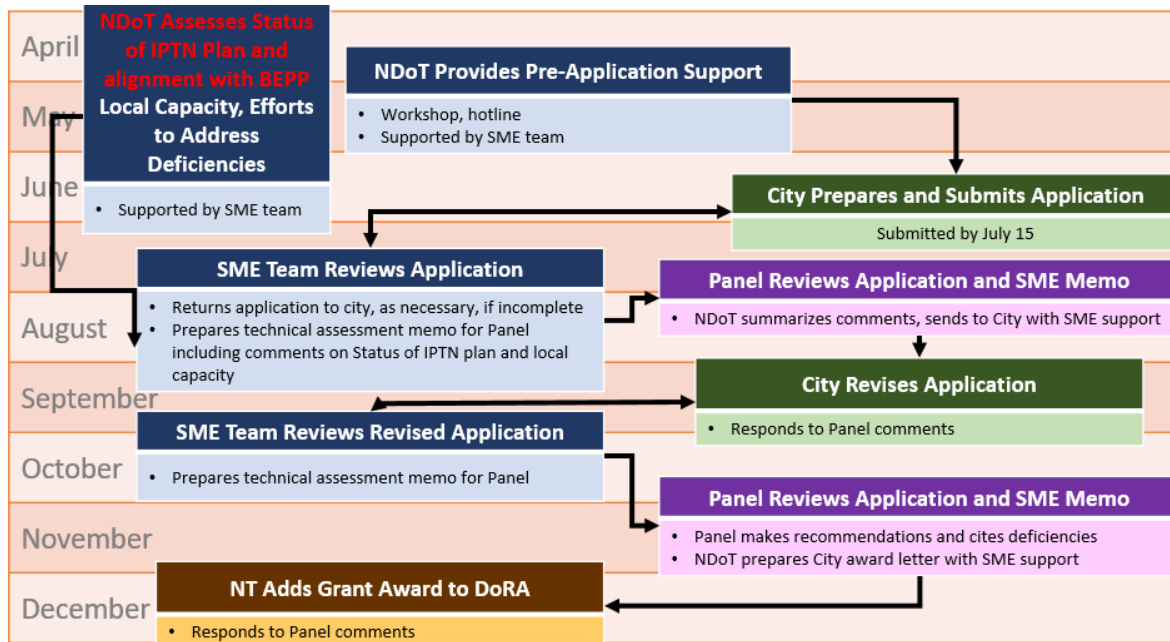
### 3.4.3 Resourcing the Metro's Pipeline

#### a) Budget Alignment

A credible BEPP must clearly find expression in the Metros budget (the entire budget, not only the grant funded portion of the budget) and in time the BEPP should be a driver of the Metro's MTREF decision-making. Strategy-led budgeting is essential if a Metro's Budget is going to progressively build towards the outcomes of a compact and spatially transformed city. Consequently the MTREF Budget's prioritization of resources in space according to the spatial targeting areas should be measured year on year to track this progression. The BEPP should therefore close the loop by presenting the spatial budget mix, both in terms of capital allocations and operating allocations associated in particular with the maintenance and renewal of infrastructure.

#### b) Grant alignment

While long term grant reform processes will seek greater alignment of the grant framework to integrated programmes, sector-specific grant allocation processes to Metros are also making the linkages to the BEPP and the importance of ensuring that grants support one another to increase their collective impact and give effect to spatial targeting; for example, the in-year IPTN assessment process for the PTNG will include a review of integration with the BEPP. The proposed changes to the process of IPTN assessment provides that by April - May, an assessment of the Status of the IPTN Plan should have been made. This assessment will include an assessment of alignment of the plan with the BEPP, as illustrated in the figure below:



**Figure 8: Annual PTNG Application Assessment Process**

Another example is the process instituted in 2017 by the national Department of Human Settlements to improve Human Settlements intergovernmental planning and budgeting – this process seeks to improve grant alignment between the USDG and HSDG as well as to co-ordinate planning across the provincial departments (provision of roads, health, education and social facilities) and promote integrated planning between various municipal departments.

### c) Operational Resourcing

While metro capital spending performance has improved, the business case and investment readiness of capital projects is often weak. This leads to: (i) significant delays in project implementation; and (ii) reduced returns on investments arising from a lack of innovation in project design. The identification, planning, preparation, packaging and implementation of catalytic urban development programmes requires sufficient time, skill, and political and, critically, financial backing. Adequate resourcing of programmes and projects to ensure that they progress with sustained rigour along the preparation process (presented in the schematic in Annexure 4) is critical to ensure implementation.

The portfolio management approach advocated in 3.3.1 a) above is important to ensure resourcing is in place at the right time, in the right form to match the need of the project.

#### **Baseline BEPP Content Expectations:**

- Provide the funding sources over the MTREF for each catalytic urban development programme as per the template in Annexure 1
- Present a resourcing plan for the prioritized catalytic urban development programmes over each phase of the project preparation process.
- The BEPP can present the high level allocation of capital budget to each of the three spatial targeting areas from all funding sources, within the context of the Metro's total capital budget. The Spatial Budget Mix should also include allocations for infrastructure upgrades, refurbishments, operations and maintenance. A possible template for recording this information is provided for this in Annexure 3.
- The BEPP should acknowledge the existence, or lack thereof of a long term financing strategy and clearly state the commitment to the formulation of a long term financing strategy within a specific timeframe
- The BEPP should identify how the Metro's budget is strategy led and what the strategy is driving the budget decision-making process

#### **Tools & Support Available:**

- The CSP provides support to Metros to improve borrowing and investment strategies and develop long term financing strategy and plans. The CSP hosts a national working group and can hold city-level workshops, or assist with specific interventions on borrowing and investment to develop a long term financing strategy.

- The LTFS that National Treasury is developing with a number of pilot Metros aims to assess how effectively and efficiently BEPP is financed at an institutional and programme/project pipeline level (financial closure). The main objectives are to (i) identify missing financial information (information that would attract funders and private investors to invest in the Catalytic Programme; and (ii) recommend information that should be reflected in subsequent BEPPs to reach project financial closure.
- The National Treasury is exploring measures to improve municipalities' access to capital markets for infrastructure finance

### 3.5 Implementation

The planning, programming, project preparation and resourcing components of the built environment value chain have been elaborated on in the sections above. This section introduces the link to the *implementation* activities in the built environment value chain.

There is an urgent requirement to move from programme and project identification, preparation and financing to implementation of prioritised, feasible projects within the catalytic urban development programme that leverage further private and household investments and cumulatively build towards the achievement of the agreed spatial transformation outcomes.

This section refers to the implementation of municipal projects (which is a subset of the pipeline of intergovernmental projects) within the catalytic urban development programme(s). The implementation of private sector related projects will be initiated and managed on a programme level and not at municipal project level.

There should be a direct and visible link between what is planned and budgeted, and what gets implemented and delivered, and how this contributes to the agreed outcomes - a more sustainable, productive, inclusive and diverse city which will culminate in economic growth and a reduction in poverty and inequality. The implementation of programmes and associated projects should result in transformed urban environments in priority precincts. Implementation also encompasses the procurement approach and risk mitigation (cash flow, time and quality). Implementation processes are fairly well established in Metros; however, there are Metros that are good at implementation, and there are Metros that require some support with this.

The CSP will track the implementation of catalytic urban development programmes year-on-year directly with Metros in terms of a defined, standardised project preparation and management process. Support will be tailored to Metros based on information gleaned from this and lessons learnt will be shared and where there are systemic challenges to implementation sitting at a municipal level or at other levels in the country's governance framework – these will be identified. Importantly, this process will also map the objectives and outputs of these programmes and associated projects to the defined outcomes.

This is complemented by a number of existing reporting processes followed by Metros in particular related to National Treasury's monitoring of performance expenditure on a frequent, regular basis which are tools to monitor implementation.

Importantly, implementation is not limited to capital projects. A number of initiatives may be identified in Integration Zone and precinct plans that are required to leverage private sector and household investment, through for example, reforming the regulatory environment to remove hindrances to private sector and household investment in priority precincts or to put in place disincentives to locating investment outside of the targeted areas in a manner that undermines the outcomes sought. This may include aligning and restructuring economic development incentives as well as the removal of planning regulatory constraints to reduce financial risks and release land on to the market. Much work has been done to stabilise the regulatory environment in our cities. A next level of reform is now needed to tailor these systems to the transformational needs of our cities. If these reforms are not formalised into projects that are planned, monitored and have a defined output, they may not be implemented timeously as part of a suite of interventions in a precinct to achieve transformation.

**Baseline BEPP Content Expectations:**

- Annexure 1 records the progress of catalytic programmes in the project preparation and implementation cycle. The BEPP should contain the institutional implementation arrangements/plans for the priority precinct intergovernmental project pipelines and key catalytic urban development programmes; including those that are already in the implementation phase and those that will move into the implementation phase.
- Systemic challenges experienced in implementation processes and any solutions that have been found should be documented in the BEPP.
- The BEPP should identify regulatory reform required to stimulate investment or remove barriers to investment in the priority precincts or spatially targeted categories more broadly and the plans in place to implement these reforms, as well as resources committed to such projects and any support required.

### 3.6 Targeted Urban Management

While urban management is the ongoing business of metropolitan governments at a city-wide scale, the importance of specific, sustainable precinct urban management approaches for priority precincts/ areas in the three spatial categories cannot be under-estimated. It is an important lifecycle approach that will assist to secure transformative outcomes. Urban management is needed to sustain the capital investment made and to establish the pre-conditions for investor confidence and continued investment momentum. Importantly, it does not follow capital investment but is a continuous activity in the precinct.

While urban management can be understood to be the day to day operations in a precinct, such as cleaning, waste removal, traffic, transport and trader management and security services, it can extend to place-making and marketing and social services. The management of localised public transport operations is also a critical success factor to successful urban management. Similarly, the quality of asset or facilities management of public sector facility owners has a considerable impact on successful precinct management.

Effective urban management requires a partnership approach - with the private sector and resident households and businesses – tailored to the specificities of the particular priority precinct. The models will differ across the three spatial targeting areas. However, successful urban management is based on working with precinct stakeholders on a continuous basis, through mechanisms such as CIDs, in a shared efficient management and maintenance approach, to retain and increase investment, create jobs, and manage risks for all parties. This will contribute to the safety and maintenance of precincts. The objective is to achieve inclusive, vibrant, safe, and investment friendly precincts owned by the community active within them.

**Baseline BEPP Content Expectations:**

- The BEPP should identify current precinct management initiatives, such as SRAs, CIDs and plans in place to support the prioritised precincts, including progress with regard to establishing Precinct Management Plans for priority precincts in the Integration Zone(s)
- The BEPP should also identify institutional arrangements within Metros and intergovernmental arrangements that support coordinated urban management for which the public sector is responsible, for the priority precincts

**Tools & Support Available:**

- The Neighbourhood Development Partnership Unit in the National Treasury has developed [Precinct Management Guidelines](#). Pilot projects have commenced in the City of Johannesburg and Buffalo City.

## 4. THE MONITORING AND REPORTING FRAMEWORK FOR THE BEPP: OUTCOMES-LED REPORTING

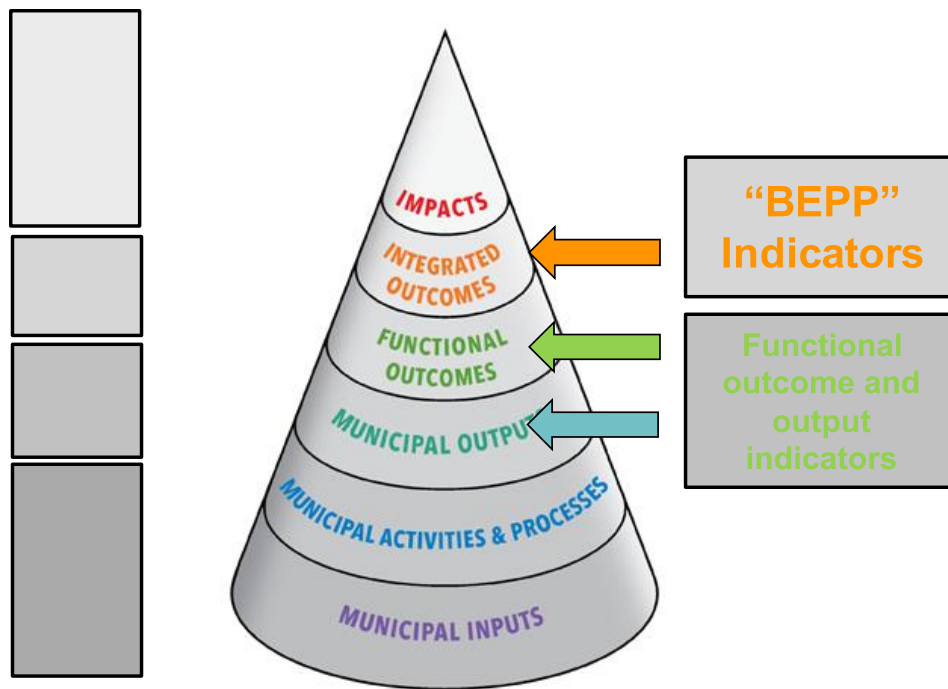
The BEPP planning process is “**outcome-led**”, responding to agreed indicators of and targets for improved built environment performance. Committing to how we measure results is intrinsic to the planning approach.

Informed by the evaluation of the BEPPs submitted for 2017/18 and further clarity on the allocation of indicators to the different levels of the city results chain (as part of the national reporting reforms process), the BEPP indicators have been further refined from those that were identified in previous guidelines. The refinements are first presented linked to the result statements, where after further details are given of the indicators themselves.

Outcome Area	Result Statement	Refinements
Well-governed Cities	Vision and leadership to initiate and drive spatial restructuring	These are the focus of the BEPP and measured through BEVC indicators
	Capability to plan, facilitate, deliver and manage urban spatial transformation	
	Partnering with citizens, civil society, private and public sectors	
	Delivery of catalytic programmes in spatially targeted areas	
Compact Cities and Transformed Urban Space	Compact Cities and Transformed Urban Space	These are the focus of the BEPP
Inclusive cities	Housing options with social diversity	These are required where they have a spatial focus.
	Affordable and efficient public transport services	
	Integrated public transport system that is used by the majority of city inhabitants	
	Social facilities and services	
Productive cities	Growing city economies	These will be tracked nationally, but do not require specific city engagement.
	Increased city productivity	
	Decoupling of non-renewable energy inputs from economic growth	
Sustainable cities	Integrity of ecosystems	These indicators are currently the subject of review and are no longer required as part of the BEPP. Alternative indicators will be proposed during the course of this year.
	Climate mitigation and adaptation	
	Sustainable resource utilisation	

Table 3: Integrated Outcome Areas and Results Statements

As part of the reporting reforms process, BEPP indicators that do not have a specific spatial transformation focus have been re-allocated to other reporting instruments associated with SDBIPs and IDPs. The indicators for the BEPP are now exclusively related to spatial transformation. The relationship between indicators and planning instruments is illustrated in the diagram below.



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**Figure 9: Planning and results at the city scale**

The refined set of BEPP indicators (at the integrated outcome level) is contained in the supplementary MTREF-specific BEPP Guidelines accompanying this core guidance. These indicators comprise a mix of those that must be reported on by Metros themselves (referred to as city reported outcomes) and those that will be sourced from national data sets and provided to the Metros (referred to as nationally reported indicators).

The BEPP indicators, are reflected against the relevant steps of the BEVC in the table below:

Code	Results statement	BEVC element	Indicator Name
WG8	Capability to plan, facilitate, deliver and manage urban spatial transformation	Spatial Targeting	The budgeted amount of municipal capital expenditure for catalytic programmes contained in BEPP, as a percentage of the municipal capital budget.
WG16	Capability to plan, facilitate, deliver and manage urban spatial transformation		BEPP Evaluation Score.
WG17	Partnering with citizens, civil society, private and public sectors		Number of new partnerships entered into to strengthen the intergovernmental project pipeline.
	Delivery of catalytic programmes in spatially targeted areas	Catalytic programmes & resource planning	Annexure 1
	Delivery of catalytic programmes in spatially targeted areas	Project preparation & implementation	Annexure 1 & 2
	Capability to plan, facilitate, deliver and manage urban spatial transformation	Targeted urban management	Forms part of BEPP Evaluation score.
	Capability to plan, facilitate, deliver and manage urban spatial transformation	Institutional co-ordination & operational	Forms part of BEPP Evaluation score.

**Table 4: BEPP indicators relating to steps in the BEVC**

All the indicators from the various integrated outcome areas that are spatially linked are consolidated in the table below and are recommended to form part of the BEPP. The table also highlights their category in terms of whether they are the responsibility of the Metro or National to report on (in terms of performance) and whether the Metro should be setting a specific target or a broader intention of performance. It is noted that these indicators and how they are reported on is the subject of ongoing refinement



Code	Indicator
WG13	Percentage change in the value of properties in Integration Zones
CC1	Hectares approved for future development outside the 2015 urban edge as a percentage of Hectares allocated for future development as defined by the 2015 SDF.
CC2	Number of land use applications processed in integration zones as a percentage of the total number of land use applications submitted city-wide.
CC3	Number of building plan applications processed in integration zones as a percentage of the total number of building plan applications city-wide.
IC1	New subsidised units developed in Brownfields developments as a percentage of all new subsidised units city-wide
IC2	Gross residential unit density per hectare within integration zones
IC3	Ratio of housing types in integration zones
IC4	Ratio of housing tenure status in integration zones
IC5	Ratio of land use types (residential, commercial, retail, industrial) in integration zones
IC6	% households accessing subsidy units in integration zones that come from informal settlements
IC7	Number of all dwelling units within Integration Zones that are within 800 metres of access points to the integrated public transport system as a percentage of all dwelling units within Integration Zones
IC8	Percentage share of household income spent on transport costs for different household income quintiles city-wide
IC9	Capital expenditure on integrated public transport networks as a percentage of the municipal capital expenditure
IC11a	% learners travelling for longer than 30 minutes to an education institution
IC11b	% of workers travelling for longer than 30 minutes to their place of work
PC4	Commercial and industrial rateable value within integration zone for a single metro as a % of overall commercial and industrial rateable value for that same metro.

**Table 5: Integrated Outcome (BEPP) Indicators**

Each eligible metro will be subjected to an **annual performance review** based on the built environment indicators in the second quarter of each local government financial year (between September and December, preferably by the **end of September**). This review will take on the form of dialogue and/or peer learning.

**Baseline BEPP Content Expectations:**

- Baselines need to be set for the indicators.
- The refinement of the indicators, the setting of baselines and how monitoring and reporting takes place is the subject of ongoing development. The supplementary MTREF-specific BEPP Guidelines will confirm the indicators, systems for monitoring and reporting expectations.

**Tools & Support Available:**

- The Framework, principles and criteria for indicators are contained in a document that identifies a consistent set of parameters or “rules of the game.” This provides a context for the ongoing work on the built environment outcome indicators and may be accessed via the CSP Tool Box for BEPPs: [BEPP Guidelines 2017/18 MTREF Toolbox](#)
- The technical specifications per integrated outcome indicator definitions are provided in the BEPP Tool Box: [BEPP Guidelines 2017/18 MTREF Toolbox](#)

## 5. BEPP EVALUATION FRAMEWORK: PROGRESSION MODEL

The BEPP has evolved to be regarded by Metros as an important, valuable and strategic planning instrument. There has been progressive realisation of the intention of the BEPP as a planning instrument for spatial targeting linked directly to programme identification, resource planning and expenditure. Given the varying capacities and capabilities of the eight Metros, progress in terms of the quality of the content of the BEPP and the rigour of the BEPP process has and will be uneven across the Metros.

It has been argued that a progression model might prove useful in plotting the development of cities in their development of their BEPP.

### 5.1 What is a progression model?

Progression models, sometimes called maturity models, have been introduced to the public sector increasingly over the last decade. They are based on a developmental view of the public sector, appreciating that excellent performance is not arrived at overnight, particularly in big organisations such as our metropolitan municipalities. Progression models provide incremental steps.

Most importantly, they provide a rational basis for differentiated responses, whether these are support or incentives. Unlike most systems of performance measurement, they accommodate qualitative assessments through instruments like rubrics. This approach can incorporate an element of self-assessment which ensures a greater ownership of the assessment.

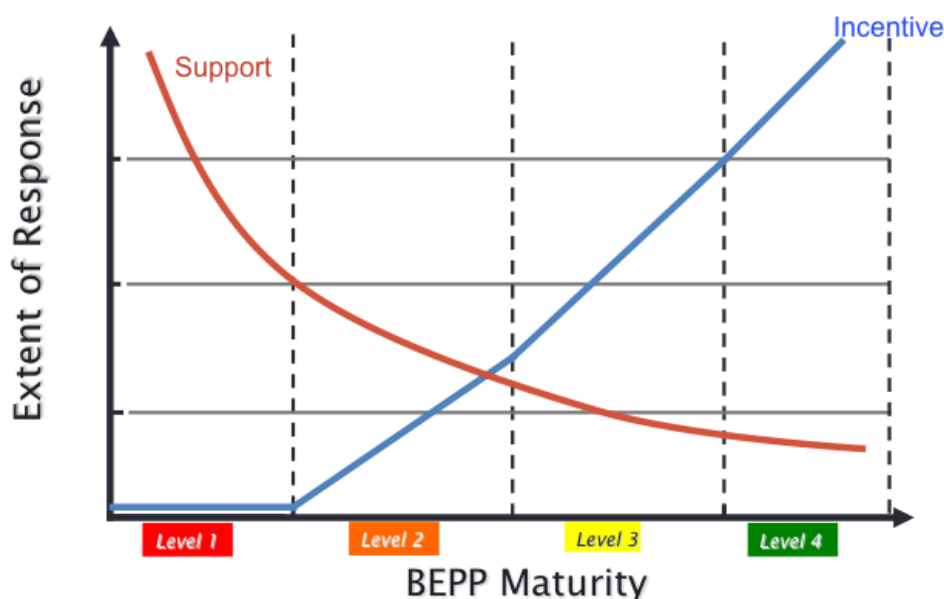


Figure 10: BEPP Progression Model and its relationship to incentives and support

A **progression model** has therefore been introduced enabling a Metro to progress in terms of its capacities and capabilities, and encouraging clear accountability for the ongoing strengthening of the BEPP process and outputs over time. It will also inform a more nuanced and responsive approach to providing support and incentives. This progression model and its implementation arrangements will be subject to ongoing development.

A four-point progression scale is used for simplicity and alignment with other successful public sector progression models.

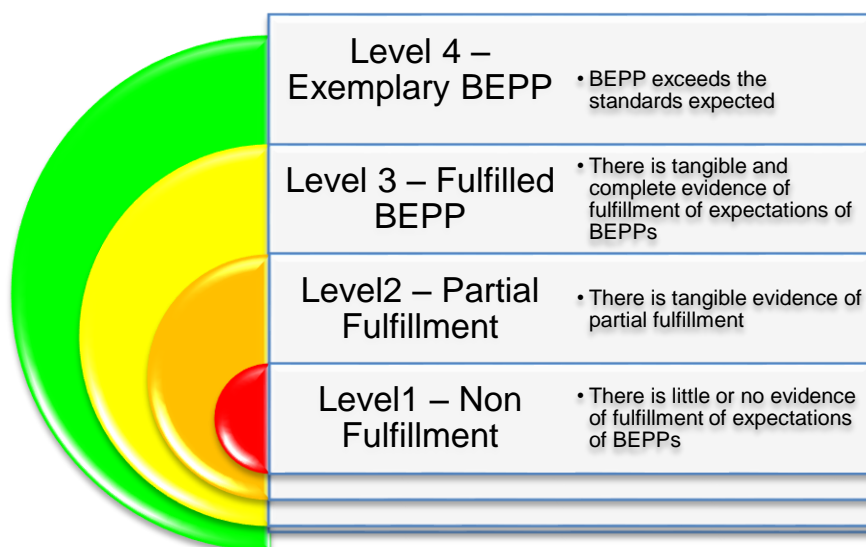


Figure 11: BEPP Evaluation Progression Scale

## 5.2 The Evaluation Framework

This model is supported by an **evaluation framework** to monitor the maturity and ongoing development of an individual metropolitan municipality's BEPP. This framework is used to undertake a rational, evidence-based and holistic assessment of a Metro's BEPP. The evaluation framework is confirmed in or associated with supplementary MTREF-specific BEPP Guidelines issued when needed.

There is a self-assessment expectation built into the preparation of the BEPP. This will ideally be done as part of a facilitated internal dialogue by the core team responsible for the BEPP, but at the very least must involve officials from sectors or line functions, planning, finance and M&E. The CSP conduct an initial evaluation of the BEPP on submission of the draft on a Metro and Component (sector) basis. The CSP facilitate an independent evaluation of the final, approved BEPP, followed by a validation workshop with the metropolitan municipalities themselves. The evaluation framework is subsequently reviewed to track progression through the weighting mechanism. It is possible that unique weightings for individual Metros, who are for various reasons in different places on the progression model at any point in time, may be applied.

The scope of the evaluation framework is to assess each of the Metro's BEPP over successive annual cycles with respect to:

- The process of formulating its BEPP
- The quality and content of the BEPP
- The institutionalisation of the BEPP

These are broken down into a set of standards that explicitly define the expectation (level 3). The rubric presented in the Evaluation Framework defines what a level 1, 2, 3 and 4 looks like for each of these standards.

The evaluation is calculated through a system of weights applied at the level of standards or assessment areas. These weights can shift over time. For example there might be greater emphasis on the BEPP process and plan for now, allowing for a greater shift to BEPP institutionalisation in future years.

Institutionalisation refers to the degree to which the BEPP has become embedded in plans and practice in the Metro. However it does not refer to full, longer term implementation of the BEPP, as there is expected to be a multi-year lag between a BEPP and its implementation that will contribute to outcomes and impact. The implementation of the BEPP is an important consideration, but it is not practical to be included in the progression model. However the incremental building of the BEPP to be a medium term plan and progressing to be longer plan with a planning horizon to 2030 is part of the progression model.

There is also an important causal relationship that is hypothesised between the quality of the BEPP, implementation of the BEPP and the attainment of desired built environment outcomes within the city. While directly outside of the scope of this progression model, the extent to which the BEPP is implemented and desired built environment outcomes achieved, remain key questions, when evaluating the success of the BEPP as a tool.

The output of the BEPP progression evaluation process should inform:

- Learning and improvement by the Metro for subsequent BEPP processes
- Support provided by national government, especially that of CSP, to each Metro in relation to its BEPP process
- Incentives for improvement of a Metro's BEPP

The incentive proposed may be grant related and could form a portion of the ICDG or additional grant. It is argued that while built environment outcome indicators are still nascent and not fully tested a significant part of the ICDG could be determined by a BEPP's progression. The extent of this component could reduce over subsequent years to provide a greater allocation for that determined by the achievement of built environment outcomes.

The Annual Evaluation of the BEPP includes a number of assessments:

- The CSP City Co-ordinators work with a larger National Treasury Team to provide input into the Mid-Year Budget Reviews that includes the review of the BEPP in January - February.
- The CSP City Co-ordinators work with a larger National Treasury Team to provide an assessment of the draft BEPP in relation to the tabled IDP and Budget during the annual Benchmarking Engagements during April – May
- The CSP City Co-ordinators work with a larger National Treasury Team to provide an assessment of the Council-Approved BEPP during June-July
- The CSP commissions an independent assessment of the Council-Approved BEPP
- National Treasury host an Annual Evaluation of the BEPP during July including an element of peer review and self-assessment
- The Evaluation results are fed into the process for drafting Supplementary BEPP Guidelines to improve the content and quality of BEPP

## 6. THE ANNUAL BUILT ENVIRONMENT PLANNING, REVIEW AND UPDATE PROCESS

The BEPP is a plan to achieve urban transformation. This is a medium to long term process. Once the spatial planning and inter-governmental catalytic urban development programme is in place, to an acceptable standard, these should not be the subject of annual review but should remain stable, in order that the focus is oriented to implementation of this programme, and progress in this regard can be tracked year on year. Clearly, annual BEPP reviews should identify any critical shifts in planning and programming and the reasons for these, where these occur. However, the emphasis year on year going forward is for the BEPP to demonstrate:

- progressive short, medium and long term resource alignment to the agreed programme (planned budgeting),
- progress towards or in implementation
- measures taken to secure the sustainability and optimization of these investments through the alignment of urban and land use management, and
- an established system of monitoring and reporting on the achievement of the agreed stated outcomes

### 6.1 Annual MTREF BEPP Content Guidelines

In supporting Metros to advance along the progression model, the National Treasury's Cities Support Programme, will continue to prepare annual content guidelines for the MTREF BEPP.

The drafting of these Guidelines is framed by the elements set out in this Guidance/ Briefing Note, and is guided by the findings of the annual evaluation of the current fiscal year's BEPP and prior iterations of the BEPP and how progress is evident in terms of the BEPP progression model.

These annual guidelines will:

- Identify a particular focus sought in the BEPP
- Confirm the content structure/ format for the BEPP – the format will follow the BEVC intervention logic in order to be consistent with the purpose of the BEPP
- Set out the progressive minimum content expectations in respect of the upcoming MTREF BEPP, including their rationale, specific requirements and expectations for the Draft and Final BEPP
- Identify complementary support instruments, tools, events and related resources that are available to metropolitan municipalities
- Set the specific timeframes for the submission of the draft and final BEPP and associated engagements aimed at facilitating ongoing integration of the BEPP, IDP and budgeting processes.

The aim is to support Metros to maintain institutional alignment in their planning and advance their development work along the Built Environment Value Chain in pursuit of the agreed built environment outcomes sought for productive, inclusive and sustainable cities.

### 6.2 Ongoing BEPP Progression: MTREF BEPP Process & Timelines

The Guidelines for the content of the BEPP and the support for catalytic urban development programmes operate within a process and timeframes that seek to align planning and co-ordination between the spheres of government to promote co-operative governance that results in effective city-level outcomes.

The IDP and BEPP engagements are conducted jointly by the National Treasury and Department of Cooperative Government, coinciding with the Mid-Year Budget Assessment typically in February of a calendar year. IDP assessments are co-ordinated by provincial departments of Cooperative Governance with support from DCOG. These are important milestones for inter-governmental confirmation of a joint programme towards shared outcomes. However, the intergovernmental and intra-municipal process required to establish and progress a credible BEPP require that engagement commences earlier.

Key process steps and timelines for the annual BEPP review and development, approval and evaluation cycle are summarised in the cycle and table below.

Key Dates	Item
23 – 25 August 2017	Human Settlements Intergovernmental Planning and Budgeting
Mid-September 2017	Joint session on Built Environment Grants Frameworks between national sector departments and Metros
September 2017	Planning Alignment Task facilitated planning meetings between sector departments / SOEs / Provincial Governments and Metros
September – October 2017	PTNG Hearings
September – October 2017	Review of SDF Guidelines; production of Technical Notes and Knowledge Products relating to BEPs and Planning Reforms
25 October 2017	Medium Term Budget Policy Statement
27 October 2017	Preliminary allocation letters issued to Departments
1 December 2017	Final allocation letters issued to Departments
Dec 2017	Budget Circular to Metros
25 January – 26 February 2018	Mid-Year Budget Review
February 2017	Budget and DORB tabled in Parliament
31 March 2018	Draft BEPP submission
April 2018	Budget Benchmarking Meetings
31 May 2018	Submission of Council Approved BEPP
28 June 2018	Annual BEPP Evaluation Workshop
31 July 2018	2017/18 BEPP Evaluation Report finalised

**Table 6: Annual BEPP Development, Review and Approval Milestones**

## ANNEXURES

**Annexure 1: Template for Catalytic Urban Development Programmes (Registration and Tracking) (the template in excel format will be made available)**

[illegible]

**Annexure 2: Template for Intergovernmental Project Pipeline (the template in excel format will be made available)**

		Intergovernmental Project Pipeline								
						SOE				
Priority	Category	Project Description	Municipal	Provincial	National	PRASA	SANRAL	ESKOM	OTHER	Total
Priority Integration Zone (name)										
Sub-total										
Integration Zone (name)										
Sub-total										
Integration Zone (name)										
Sub-total										
Integration Zone (name)										
Sub-total										
Marginalised Area - Informal Settlements										
Sub-total										
Marginalised Area - other										
Sub-total										
Economic/Employment Node										
City-wide Projects										
Sub-total										
Total										



### Annexure 3: Possible template for recording the Spatial Budget Mix

Spatial Budgeting Mix - New Investment							
Entity	Spatial Targeting Areas		Outside Integration Zones			Other	Total
	Integration Zones	Prioritised Integration Zone Precincts (incl Informal Settlements & Economic Nodes)	Informal Settlements	Marginalised Areas	Established Economic Nodes		
Metro							
Provincial							
National							
SOEs							
Total							

Spatial Budgeting Mix - Renewal							
Entity	Spatial Transformation		Outside Integration Zones			Other	Total
	Integration Zones	Prioritised Integration Zone Precincts (incl Informal Settlements & Economic Nodes)	Informal Settlements	Marginalised Areas	Established Economic Nodes (Outside IZs)		
Metro							
Provincial							
National							
SOEs							
Total							

To equal the total capital funding from all sources

Information to be provided as cost estimates and percentages.

## Annexure 4: Draft Schematic for Programme Preparation

Draft 02.03 dated 2017 07 13

